

TOWN OF BUCKEYE, ARIZONA



Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2005

TOWN OF BUCKEYE, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE
FISCAL YEAR ENDED JUNE 30, 2005

Prepared by
Finance Department

TOWN OF BUCKEYE, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2005

INTRODUCTORY SECTION

Letter of Transmittal	1
List of Principal Officials	7
Organizational Chart	8

FINANCIAL SECTION

Independent Auditor's Report	11
Management's Discussion and Analysis	13

Basic Financial Statements

Statement of Net Assets	26
Statement of Activities	27
Balance Sheet - Governmental Funds	28
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	29
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	32
Statement of Net Assets - Proprietary Funds	34
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	35
Statement of Cash Flows - Proprietary Funds	36
Statement of Fiduciary Net Assets - Fiduciary Funds	38
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	39
Notes to the Basic Financial Statements	41
Required Supplementary Information:	
Public Safety Personnel Retirement System	
Schedule of Funding Progress	66

TOWN OF BUCKEYE, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2005

**Combining and Individual Fund
Statements and Schedules**

Combining Balance Sheet - Nonmajor Governmental Funds	70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	72
Debt Service Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	74
HURF Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	75
Grant Programs Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	76
Cemetery Improvement Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	77
Street Improvement Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	78

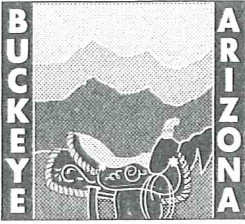
STATISTICAL SECTION

Government-wide information:	
Government-wide Expenses by Function	80
Government-wide Revenues by Source	81
Fund Information:	
General Government Expenditures by Function	82
General Government Revenues by Source	83
General Fund Changes in Fund Balance	84
Water and Sewer Funds Changes in Net Assets	85
General Fund - Property Tax Levies and Collections (by Year Collected)	86
General Fund - Property Tax Levies and Collections (by Year Levied)	87
Property Tax Rates - Direct and Overlapping Governments	88
Assessed and Estimated Actual Value of Taxable Property	90
Legal Debt Margin	91
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	92

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INTRODUCTORY SECTION

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Town of Buckeye

February 28, 2006

The Honorable Town Council
and Citizens of the Town of Buckeye, Arizona

To the Town Council and the Citizens of the Town of Buckeye, the Finance Department respectfully submits the Town of Buckeye's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2005.

CAFR COMPOSITION

This report consists of management's representations concerning the finances of the Town of Buckeye in the form of financial statements. The responsibility for the accuracy, completeness, and fairness of the presented data, including all disclosures and notes, rests with the management of the Town of Buckeye. To the best of our knowledge and belief, the data presented is accurate in all material respects. It is presented in a manner designed to fairly set forth the financial position and results of operations of the Town as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the Town's financial affairs have been included.

A CAFR consists of three main sections: the Introductory Section, the Financial Section, and the Statistical Section.

The Introductory Section includes this transmittal letter, a list of principal officials, and an organizational chart that lists the major divisions, components, and mechanisms of the Town. This section is intended to familiarize the reader with the Town of Buckeye's organization structure, nature and scope of provided services, and specifics of its operating environment. The information in this section should provide adequate background and sufficient context to assist the reader with the Financial Section of this CAFR.

The Financial Section contains all financial statements and supplemental information required to be disclosed by United States Generally Accepted Accounting Principles (GAAP) and Arizona State Law, as well as information on all individual funds. Also in this section is other useful supplementary information that is not required by GAAP or Arizona State Law to represent a financial overview of the Town of Buckeye. This section is parceled into six parts:

- (1) Independent Auditor's Report,
- (2) Management's Discussion and Analysis (MD&A),
- (3) The Basic Financial Statements (BFS),
- (4) Notes to the Basic Financial Statements,
- (5) Required Supplementary Information, and
- (6) Combining, Individual Fund Financial Statements and Schedules.

U.S. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

The Statistical Section is unaudited. It includes various tables and charts that reflect financial, economic, social, and demographic information about the Town of Buckeye that are interesting and relevant to assessing the Town's financial condition. This section is intended to assist the reader in understanding the environment in which the Town operates.

OTHER REPORTING REQUIREMENTS

The Town of Buckeye is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the Single Audit Act Amendment of 1996, and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards, findings and questioned costs, and an independent auditor's report on compliance with applicable laws, regulations, contracts, and grants to each major program and on internal control over compliance are included under a separate cover. The State of Arizona also requires additional supplemental information in the form of a report entitled "Expenditure Limitation Report" to be completed. This report is also under a separate cover.

THE REPORTING ENTITY

Town Profile: Founded in 1888, this western most community of the Valley of the Sun is home to over 20,000 people. For the past 20 years, growth in the greater Phoenix area has been robust in three of our four quadrants of the region. With those areas rapidly nearing build out, the last frontier rests in the southwest valley and the Town of Buckeye. Town planners project that it will take at least 30 years for the nearly 600-mile planning area that stretches from almost Wickenburg to Gila Bend, the Hassayampa River to Perryville Road, to be built out.

Currently there are over 240,000 homes planned in Buckeye. Given the size and number of the master planned developments within the Town limits, the population will explode to over 100,000 by the year 2010. Along with homes, there are world-class retail, entertainment, health care, education, and employment uses planned. Buckeye is fortunate to be intersected by five highways, home to a general aviation airport, and served by the railroad. Virtually every major mode of transportation makes Buckeye accessible from multiple points. In addition to this, the Town of Buckeye sits on the state's largest untapped groundwater aquifer, the Hassayampa River Basin, and the majestic view of the White Tank Mountains from every vantage point creates a unique and unparalleled landscape.

Being located just 35 miles west of Phoenix makes it convenient for work, sightseeing, and an exciting night life, yet far enough away to retain a comfortable small town feeling. Therefore, residents can take advantage of the amenities found in a metropolitan city and throughout its western suburbs, and then return to the quiet comforts of home. This once sleepy agricultural town is at the dawn of a new era, and those residents who are proud to call Buckeye home have found a great place to live, work, and discover the best that Arizona has to offer. {Courtesy of Buckeye Chamber of Commerce}

Organization: The Town operates under a council-manager form of government. The Town Council consists of six members elected at large for staggered four-year terms. The elected Mayor is the seventh voting member of the council, who, is elected on a non-partisan basis. The Town Council is responsible for passing ordinances, adopting the budget, appointing members of commissions and hiring the Town Manager. The Town Manager carries out the policies and ordinances of the Town Council, oversees the day-to-day operations of the Town and appoints the various department heads.

The Town provides an ample full range of municipal services. These include public safety (police, fire, and municipal court), street construction and maintenance, water and wastewater utility services, sanitation and residential refuse collection, parks, recreation and culture, planning and zoning, and general administrative and support services.

Entity defined: The Town of Buckeye includes in its financial statements all funds, agencies, trusts, boards, commissions, and authorities for which the Town Council is financially accountable. In accordance to Governmental Accounting Standards Board (GASB) No. 14, The Financial Reporting Entity: financially accountable includes, but is not limited to, selection of governing authority, designation of management, ability to significantly influence operations, financial interdependence, and accountability for fiscal matters.

Various school districts and certain special districts within the Town of Buckeye are governed independently. The financial statements of these districts are not included in this report except to reflect amounts held in an agency/trust capacity by the Town Treasurer.

FINANCIAL INFORMATION

Accounting Policy: The Town of Buckeye maintains accounts in accordance to the principle of fund accounting to ensure that limitations and restrictions on the Town's available resources are observed and adhered to. Fund accounting classifies resources into funds with respect to the intended activities or objectives specified by those resources for accounting controls and financial reporting purposes. Each fund is an independent fiscal and accounting entity, and its operations are accounted for in a separate set of self-balancing accounts that are comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses.

There is no limit to the number of funds that a government may establish and maintain for accounting and financial reporting. A generally practiced governmental accounting guideline is that a government should use the smallest number of individual funds as possible, consistent with its particular circumstances, and that individual funds are closed when its intended purpose is no longer operating. A description of the fund categories used by the Town follows.

Governmental Funds: These funds are used to account for all of the Town's expendable financial resources, except for those reported in the Internal Service funds. The measurement focus is on determination of financial position rather than determination of income. The modified accrual basis of accounting is used for these funds. The Town's General, Special Revenue, Debt Service, and Capital Project funds are all classified as this fund type.

General Fund: The General Fund is the primary operating fund. It accounts for all financial resources of the Town of Buckeye, except for those that are required, either by rule of statute or GAAP, to be accounted for elsewhere, or chosen to do so for internal tracking purposes.

Special Revenue Funds: Special Revenue Funds account for unique revenue sources that are legally restricted by statute, ordinance, or other specific requirements to finance specific functions or activities. The Town of Buckeye has exercised the approach of establishing a different special revenue fund for each unique funding source.

Debt Service Funds: These funds are used to account for the resources that are accumulated for the payment of interest, principal, and related costs on long-term debt, special assessments, and capital leases. This fund type is not used to account for the outstanding debt itself.

Capital Projects Funds: The Town of Buckeye uses Capital Project Funds to account for the acquisition and construction of major capital activities, and establishes a separate fund for each individual construction project or revenue source. The majority of these funds have similar imposed restrictions to that of the Special Revenue Funds, but due to their capital nature they are accounted for as Capital Projects Funds.

Proprietary Funds: These funds are used to account for the Town's ongoing activities that can be viewed as similar to the private sector. Measurement focus is on determination of income, financial position, and changes in financial position. The full accrual basis of accounting is used for these funds.

Enterprise Funds: The Town of Buckeye uses Enterprise Funds to account for its Water Utility and Wastewater Treatment operations.

Fiduciary Funds: These funds are used to account for assets held by the Town in a trustee or agency capacity. Fiduciary funds account for assets held by the Town Treasurer on behalf of others and are either Investment Trust funds or Agency funds which are custodial in nature and do not involve measurement of results of operations. The accrual basis of accounting is used for these funds.

Internal Control: In regards to accounting, internal controls are designed to provide reasonable (not absolute) assurance that:

- (1) Assets are safeguarded against loss from unauthorized use, theft, or disposition; and
- (2) Financial records are reliable for preparing financial statements and maintaining accountability for assets.

Implemented internal control mechanisms should recognize that the cost for maintaining control procedures should not exceed the benefit derived as a result from their adherence. The evaluation of costs and benefits requires estimates and judgments by the Town's management. It should also be recognized that all internal control policies and procedures are inherently vulnerable to conspiracy, collusion, and deliberate management override.

BUDGETARY CONTROLS

The Town of Buckeye complies with Arizona State Statute by operating under a balanced budget and appropriating all available resources. The Town also stays within State regulated levy and expenditure limitations. With this principle, the measure of financial performance is monitored by the realization of estimated revenues and abiding by the appropriations during the budget year.

Budgetary Basis: The Town of Buckeye prepares its budget with the accounting principles consistent with its financial reporting methods. Revenues are recognized when they are both available and measurable. Expenditure accruals are set for 60 days after the fiscal year end. Open encumbrances lapse at fiscal year end.

Budget Administration: The Town of Buckeye administration monitors the Town's budget at the fund level for Special Revenue, and Debt Service Funds. The General Fund and Capital Project Funds are monitored at the Department and Project Level, respectively. The budget is modified throughout the year as certain additional resources become available or anticipated resources dissipate, if permitted under A.R.S. This methodology ensures that all available resources are accounted for with appropriate budgetary controls, and only available resources are disbursed or encumbered.

INDEPENDENT AUDIT

Pursuant to Arizona Revised Statutes, Section 9-481, the Town has engaged the accounting firm Cronstrom, Trbovich & Osuch, P.C. to perform an audit of the Town of Buckeye's financial statements for fiscal year ending June 30, 2005. The results of this audit are outlined in the Independent Auditor's Report that is included in the Financial Section.

AWARDS

The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting for Comprehensive Annual Financial Reports. In order to be awarded a Certificate of Achievement, the published CAFR must be easily readable and efficiently organized. The report must also satisfy both GAAP and applicable legal requirements. This is the first year the Town will be participating in this prestigious award program.

ACKNOWLEDGMENTS

The presentation of this report would not have been possible without the efficient, effective, dedicated, and supportive services of the entire staff of the Finance Department. Their bestowed efforts to enhance procedures, ensure accuracy, improve systems, and conduct extensive research have allowed for the completion of the annual audit and this report.

I would like to express my appreciation to all members of all other agencies that assisted and contributed to the preparation of this report. Credit also must be given to the Town Council and the Administration for their unsurpassable support for maintaining and strengthening the utmost standards of professionalism in the management of the Town.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'D. W. Allen', with a stylized flourish underneath.

Douglas W. Allen
Director – Finance

TOWN OF BUCKEYE, ARIZONA
LIST OF PRINCIPAL OFFICIALS
FISCAL YEAR ENDED JUNE 30, 2005

Dusty Hull
Mayor

Chris Urwiller
Vice Mayor

Levi Beard
Councilmember

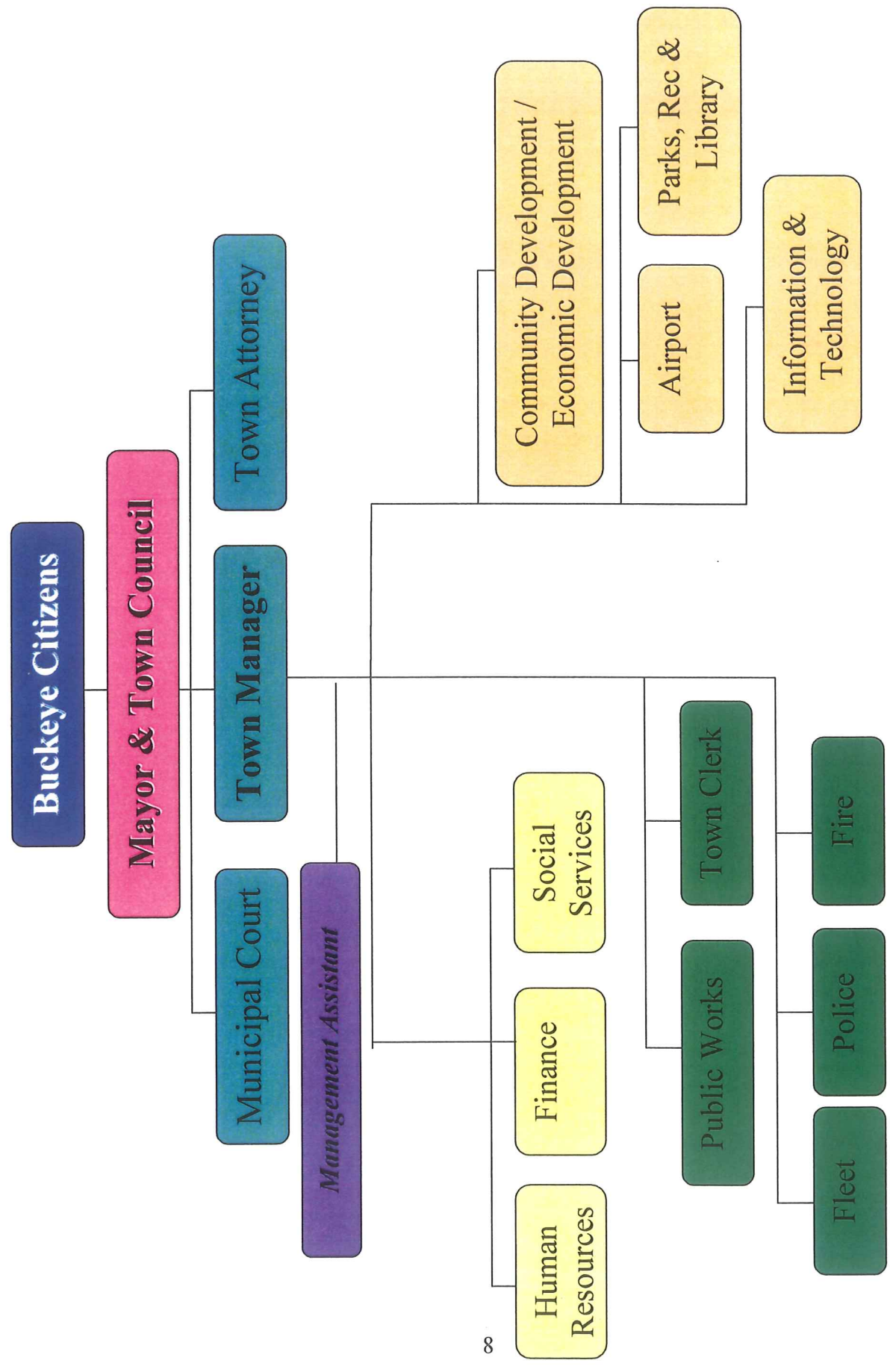
Dr. Bob Doster
Councilmember

Robert Garza
Councilmember

Elaine May
Councilmember

Jackie Meck
Councilmember

Town of Buckeye Organizational Chart



FINANCIAL SECTION

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CRONSTROM, TRBOVICH & OSUCH

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and the Town Council of the
Town of Buckeye, Arizona

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Buckeye, Arizona (Town), as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial reports contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Buckeye, Arizona, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 13 - 24 and the Public Safety Personnel Retirement System Schedule of Funding Progress on page 66 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 28, 2006 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Cronstrom, Trbovich & Osuch, P.C.

Cronstrom, Trbovich & Osuch, P.C.

February 28, 2006

Management's Discussion and Analysis

We (the Town of Buckeye, Arizona (Town)) are pleased to provide an overview of our financial activities for the fiscal year ended June 30, 2005. The intended purpose of Management's Discussion and Analysis (MD&A) is to provide an introduction to the basic financial statements and notes, that provides an objective and easy to read analysis of our financial activities based on currently known facts, decisions, and conditions, by providing an easily readable summary of operating results and reasons for changes, which will help to determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities, the sources, uses, and changes in resources, adherence to budget, service levels, limitations, significant economic factors, and the status of infrastructure and its impacts on our debt and operation. When referring to prior year data in this analysis we will be drawing upon information from last years' audited financial reports.

Financial Highlights

- ◆ The assets of the Town of Buckeye, Arizona exceeded its liabilities at the close of the most recent fiscal year by \$69,263,511 (net assets). Of this amount \$47,320,885 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ As of the close of the current fiscal year, the Town of Buckeye, Arizona's governmental funds reported combined ending fund balances of \$39,958,542, an increase of \$21,109,233 in comparison with the prior year. This increase was mainly due to the Town issuing bonds and carrying forward a portion of the proceeds.
- ◆ At the end of the current fiscal year, unreserved fund balance for the general fund was \$11,876,979 or 60 percent of total general fund expenditures.
- ◆ General fund revenues (on a budgetary basis) exceeded budgeted revenues by \$7,310,213 for fiscal year ending June 30, 2005. Additionally, budgetary basis expenditures were only 91% (\$1,896,907 (9%) in savings) of the final budget in the General Fund.
- ◆ General Fund revenues exceeded expenditures by \$4,968,072; a positive variance of \$9,207,120 from the original budget.
- ◆ The Town includes one type of separate legal entity in its report - Community Facilities Districts. Although legally separate, these "component units" are important because the Town is financially accountable for them. A description of these component units is available in Note 1 on page 41. Separate Financial Statements are not available for these entities.

Overview of the Financial Statements

The financial section of the Comprehensive Annual Financial Report (CAFR) for the Town of Buckeye, Arizona consists of this discussion and analysis, the basic financial statements and the required supplementary schedules presented after the basic financial statements. The basic financial statements include the government-wide financial statements, fund financial statements, including the budgetary statements for the General Fund, and notes to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Buckeye, Arizona's finances, in a manner similar to private-sector business.

The statement of net assets presents information on all of the Town of Buckeye, Arizona's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as useful indicators of whether the financial position of the Town of Buckeye, Arizona is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Buckeye, Arizona that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Buckeye, Arizona include general government, public safety, highways and streets, culture and recreation, community development, economic development, and health and welfare. The business-type activities include the Town's water and sewer operations.

The government-wide financial statements can be found on pages 26 - 27 of this report.

Fund financial statements. Also presented are the traditional fund financial statements for governmental funds. The fund financial statements now focus on major funds of the Town. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Buckeye, Arizona, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Buckeye, Arizona can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Since the governmental fund financial statements focus on near-term spendable resources, while the governmental activities on the government-wide financial statements have a longer term focus, a reconciliation of the differences between the two is provided with the fund financial statements.

The basic governmental fund financial statements can be found on pages 28 - 33 of this report.

Proprietary funds. The Town of Buckeye, Arizona maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Buckeye, Arizona uses enterprise funds to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water and Sewer Funds of the Town of Buckeye, Arizona.

The basic proprietary fund financial statements can be found on pages 34 - 37 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town of Buckeye, Arizona's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 38 - 39 of this report.

Notes to the basic financial statements. The notes to the basic financial statements (pages 41 - 63) provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read with the financial statements.

Required supplementary information other than MD&A. Governments have an option of including the budgetary comparison statements for the general fund and major special revenue funds as either part of the fund financial statements within the basic financial statements, or as required supplementary information after the footnotes. The Town has chosen to present these budgetary statements as part of the basic financial statements. Additionally, governments are required to disclose certain information about employee pension funds. The Town has disclosed this information in Note 4.E. to the basic financial statements and required supplementary information on page 66.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Assets of the Town for June 30, 2005 showing that assets exceeded liabilities by \$69,263,511.

Town of Buckeye, Arizona
Condensed Statement of Net Assets
June 30, 2005

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
ASSETS						
Current and other assets	\$ 74,828,870	\$ 45,383,632	\$ 6,327,786	\$ 2,437,123	\$ 81,156,656	\$ 47,820,755
Capital assets						
Non-depreciable	4,791,225	24,032,790	5,297,850	497,939	10,089,075	24,530,729
Depreciable (net)	<u>48,451.602</u>	<u>7,232.022</u>	<u>20,623.312</u>	<u>18,629.109</u>	<u>69,074.914</u>	<u>25,861.131</u>
Total assets	<u>128,071.697</u>	<u>76,648.444</u>	<u>32,248.948</u>	<u>21,564.171</u>	<u>160,320.645</u>	<u>98,212.615</u>
LIABILITIES						
Other liabilities	6,524,451	3,911,624	937,787	851,589	7,462,238	4,763,213
Non-current liabilities						
Due within one year	1,406,758	1,303,453	105,350	157,917	1,512,108	1,461,370
Due in more than one year	<u>79,667.057</u>	<u>46,398.306</u>	<u>2,415.731</u>	<u>2,489.268</u>	<u>82,082.788</u>	<u>48,887.574</u>
Total liabilities	<u>87,598.266</u>	<u>51,613.383</u>	<u>3,458.868</u>	<u>3,498.774</u>	<u>91,057.134</u>	<u>55,112.157</u>
NET ASSETS						
Invested in capital assets, net of related debt	(10,645,987)	(16,304,504)	23,451,396	16,525,946	12,805,409	221,442
Restricted	9,137,217	11,305,501	-	-	9,137,217	11,305,501
Unrestricted	<u>41,982.201</u>	<u>30,034.064</u>	<u>5,338.684</u>	<u>1,539.451</u>	<u>47,320.885</u>	<u>31,573.515</u>
Total net assets	<u>\$ 40,473.431</u>	<u>\$ 25,035.061</u>	<u>\$ 28,790.080</u>	<u>\$ 18,065.397</u>	<u>\$ 69,263.511</u>	<u>\$ 43,100.458</u>

The net assets of the Town are \$69,263,511 in fiscal year 2005 for both governmental and business-type activities.

The Town of Buckeye, Arizona is reporting a negative investment in capital assets in its governmental activities due to the large amount of community facilities district bonds outstanding for which capital assets have been transferred to business-type activities.

An additional portion of the Town of Buckeye, Arizona's net assets (13%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$47,320,885) may be used to meet the government's ongoing obligations to citizens and creditors.

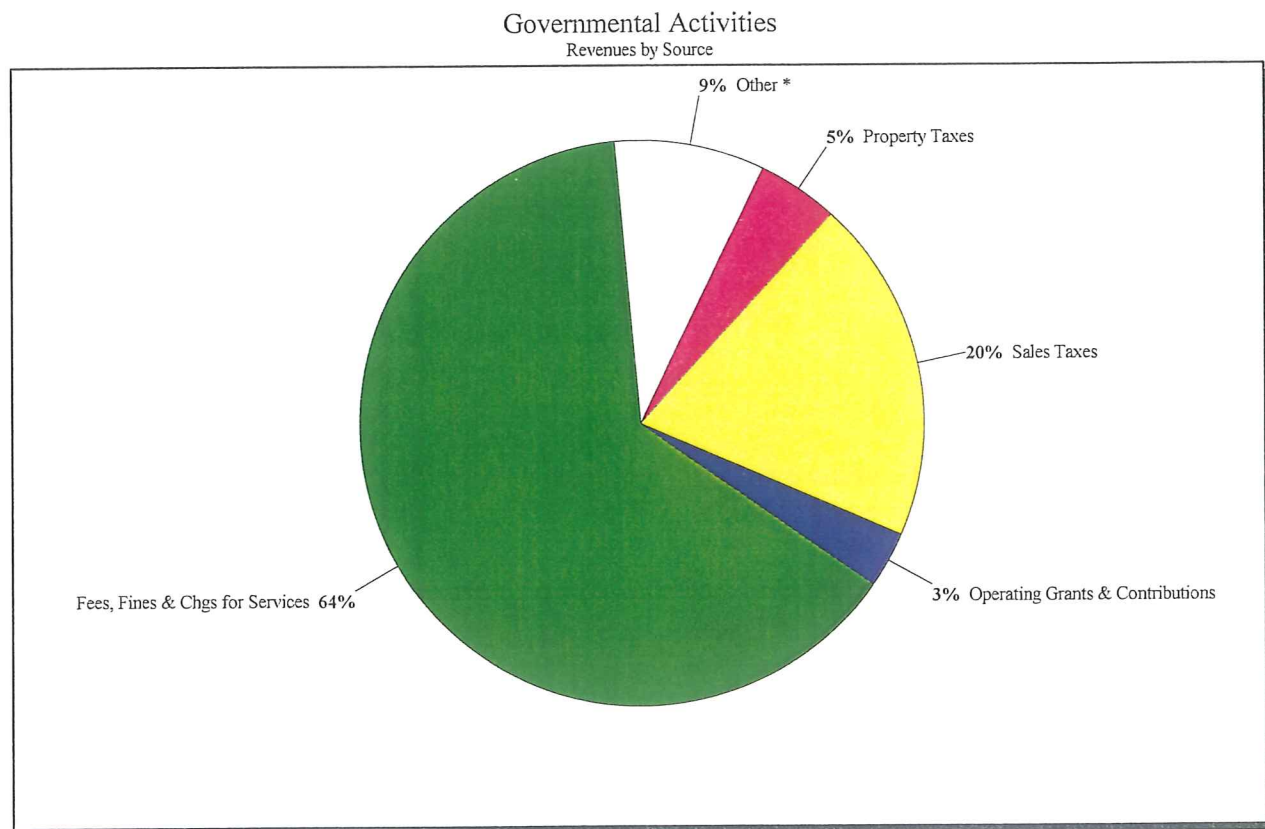
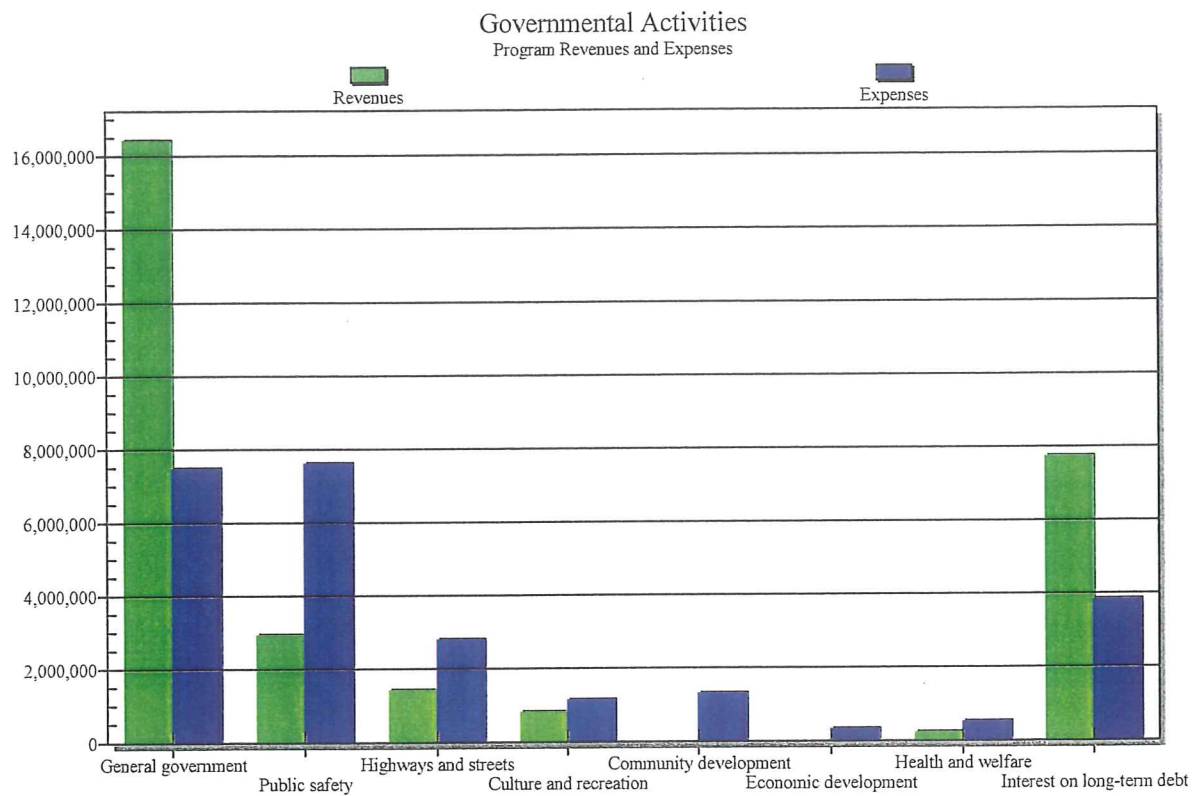
At the end of the current fiscal year, the Town of Buckeye, Arizona is able to report positive balances in all three categories of net assets for the government as a whole.

Town of Buckeye, Arizona
Changes in Net Assets
For the Fiscal Years Ended June 30, 2005

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenues						
Fees, fines and charges for services	\$ 27,398,221	\$ 13,351,648	\$ 9,898,538	\$ 3,608,404	\$ 37,296,759	\$ 16,960,052
Operating grants and contributions	1,374,000	1,446,335	-	-	1,374,000	1,446,335
Capital grants and contributions	697,975	890,283	1,651,779	-	2,349,754	890,283
General revenues						
Sales taxes	8,443,984	4,648,570	-	-	8,443,984	4,648,570
Property taxes	1,981,418	933,693	-	-	1,981,418	933,693
Franchise taxes	316,422	213,753	-	-	316,422	213,753
State shared revenues	1,932,507	1,825,704	-	-	1,932,507	1,825,704
Grants and contributions not restricted	54,008	-	-	-	54,008	-
Investment earnings	533,612	231,127	14,899	832	548,511	231,959
Other	193,285	275,592	-	-	193,285	275,592
Total revenues	<u>42,925,432</u>	<u>23,816,705</u>	<u>11,565,216</u>	<u>3,609,236</u>	<u>54,490,648</u>	<u>27,425,941</u>
Expenses						
General government	7,470,451	5,807,491	-	-	7,470,451	5,807,491
Public safety	7,596,499	6,307,496	-	-	7,596,499	6,307,496
Highways and streets	2,783,879	547,656	-	-	2,783,879	547,656
Culture and recreation	1,125,571	719,905	-	-	1,125,571	719,905
Community development	1,295,799	690,513	-	-	1,295,799	690,513
Economic development	314,985	296,372	-	-	314,985	296,372
Health and welfare	501,760	528,061	-	-	501,760	528,061
Interest on long-term debt	3,821,751	3,582,729	-	-	3,821,751	3,582,729
Sewer	-	-	1,545,062	997,805	1,545,062	997,805
Water	-	-	1,871,838	1,639,192	1,871,838	1,639,192
Total expenses	<u>24,910,695</u>	<u>18,480,223</u>	<u>3,416,900</u>	<u>2,636,997</u>	<u>28,327,595</u>	<u>21,117,220</u>
Change in net assets before transfers	18,014,737	5,336,482	8,148,316	972,239	26,163,053	6,308,721
Transfers	<u>(2,576,367)</u>	<u>-</u>	<u>2,576,367</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	15,438,370	5,336,482	10,724,683	972,239	26,163,053	6,308,721
Net assets at beginning of year	<u>25,035,061</u>	<u>19,698,579</u>	<u>18,065,397</u>	<u>17,093,158</u>	<u>43,100,458</u>	<u>36,791,737</u>
Total net assets	<u>\$ 40,473,431</u>	<u>\$ 25,035,061</u>	<u>\$ 28,790,080</u>	<u>\$ 18,065,397</u>	<u>\$ 69,263,511</u>	<u>\$ 43,100,458</u>

Governmental activities. Governmental activities increased the City's net assets by \$15,438,370. Key factors of this increase are as follows:

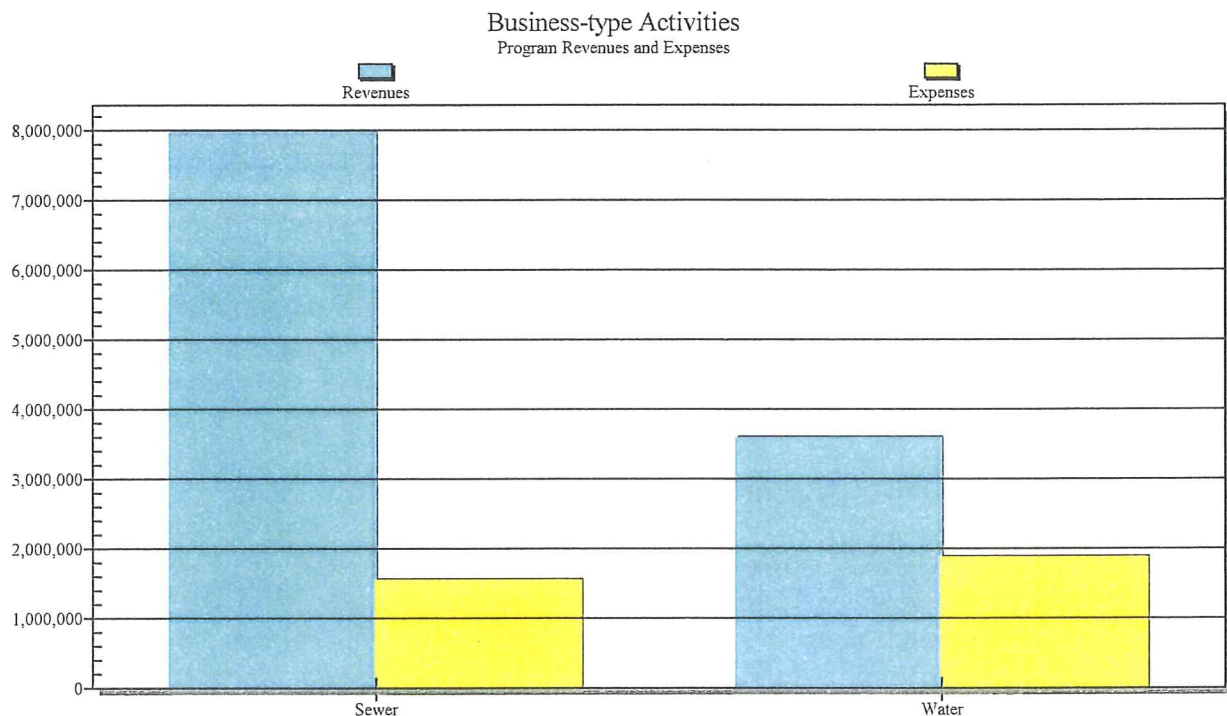
- ◆ Construction of community facilities district assets using existing funds.
- ◆ General fund revenues exceeded budgeted revenues by \$7,310,213.
- ◆ General fund expenditures were only 91% of the final budget.



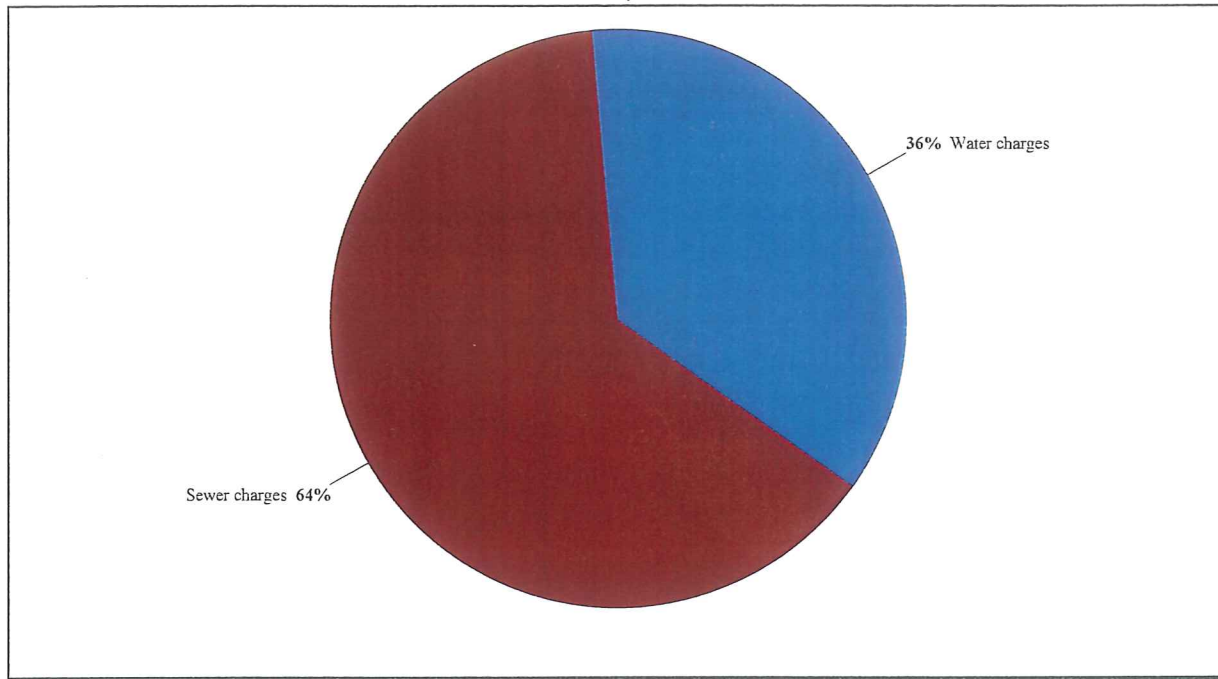
* Other (0.4%), Franchise Taxes (0.7%), State shared revenues (4.5%), Grants and contributions not restricted (0.1%), capital grants and contributions (1.6%), and investment earnings (1.2%)

The charts on the previous page illustrate the Town's governmental expenses and revenues by function and its revenues by source. As shown, Public safety (police, fire, and emergency medical services) is the largest function in expenses, followed by General government, Interest on long-term debt, Highways and streets, Community development, Culture and recreation, Health and welfare, and Economic development. General revenues such as sales taxes are not shown by program but are effectively used to support program activities town-wide. Property taxes are primarily used for general operations and for the repayment of long-term debt. For governmental activities as a whole, fees, fines and charges for services are by far the largest source of funds (64%) followed by sales tax revenues (20%).

Business-type activities. Business-type activities increased the Town's net assets by \$10,724,683. The primary reason for the increase was revenue received from impact fees and developer agreements.



Business-type Activities
Revenues by Source



As shown by the charts above, the largest of the Town's business-type activities is its sewer operations. Sewer Fund expenses were just over \$1.5 million with charges for services of approximately \$6.3 million during the fiscal year. The Water Fund expenses were approximately \$1.8 million with charges for services of approximately \$3.6 million during the fiscal year.

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal compliance. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of Governmental funds reported by the Town include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

As of the end of the current fiscal year the Town's governmental funds reported combined ending fund balances of \$39,958,542, an increase of \$21,109,233 in comparison with the prior year. Approximately 30% of this total amount (\$11,876,979) constitutes general fund balance, which is available for contribution to the designated, undesignated and reserved fund balances. At fiscal year ended June 30, 2005 fund balances were as follows:

<u>Fund</u>	<u>Balance</u>	<u>Increase From 2003-04</u>
General Fund	\$ 11,876,979	\$ 4,333,171
Debt Service Fund	713,384	294,393
CFD Debt Service Fund	3,921,834	775,096
CFD Capital Projects Fund	9,650,675	2,199,785
Buckeye Infrastructure Fund	9,293,671	9,293,671
Nonmajor Governmental Funds	4,501,999	4,213,117

The General Fund is the chief operating fund of the Town of Buckeye, Arizona. At the end of the current fiscal year, the fund balance of the general fund was \$11,876,979, while total fund balance reached \$39,958,542. As a measure of the general fund's liquidity, it may be useful to compare both general fund balance and total fund balance to total fund expenditures. General Fund balance represents 60 percent of total general fund expenditures, while total fund balance represents 203 percent of that same amount.

The fund balance of the Town of Buckeye, Arizona's General Fund increased by \$4,333,171 during the current fiscal year. Key factors in this change are as follows:

- ◆ Revenues collected exceeded expectations due to the Town's rapid growth.
- ◆ Expenditure budget was underspent.

The Debt Service Fund's fund balance increased by \$294,393 during the fiscal year. This change was not significant.

The CFD Debt Service Fund's fund balance increased by \$775,096 during the fiscal year. The change was due mainly to the Town receiving payments from developers.

The CFD Capital Projects Fund fund balance increased by \$2,199,785 during the fiscal year. The change was due mainly to the Town not expending all of its bond proceeds.

The Buckeye Infrastructure Fund was a new fund for 2004-05. Its fund balance increased due to the Town issuing revenue bonds during the year and not expending them.

The Nonmajor Governmental Funds fund balance increased by \$4,213,117 during the fiscal year. The change was due mainly to the Town receiving a large amount of impact fees during the year. All nonmajor governmental funds of the Town are combined into one column on the governmental fund financial statements.

Proprietary Funds. The Town of Buckeye, Arizona's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets at the end of the year amounted to \$2,825,525 in the Sewer Fund and \$2,513,159 in the Water Fund.

Budgetary Highlights

The Town's annual budget is the legally adopted expenditure control document of the Town. Budgetary comparison statements are required for the General Fund and all major special revenue funds and may be found on pages 32 - 33. These statements compare the original adopted budget, the budget if amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis.

General Fund revenues of \$24,311,102, on a budgetary basis, exceeded budgeted revenues of \$17,000,889 by \$7,310,213 while budgetary basis expenditures of \$19,343,030 were only 91% of budgeted expenditures (savings of \$1,896,907). The excess of revenues over budgeted revenues is primarily due to licenses and permits and charges for services exceeding projected expectations.

Capital Asset and Debt Administration

The Town's capital assets for its governmental activities as of June 30, 2005 amount to \$53,242,827 (net of accumulated depreciation), a net increase of 70.3%. For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 3.A.4. for further information regarding capital assets.

Governmental capital assets include land and improvements, buildings and improvements, infrastructure and furniture, machinery and equipment. During fiscal year 2004-05 the annual depreciation expense was \$2,307,383. Additions to capital assets during the fiscal year totaled \$24,304,659.

The major capital asset event during the current fiscal year was the construction of community facilities district assets using bond proceeds. The Town also acquired a number of furniture, machinery and equipment items during the fiscal year.

The following table provides a breakdown of the capital assets of the Town at June 30, 2005 and 2004.

Town of Buckeye, Arizona
Capital Assets at June 30, 2005
(Net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 812,176	\$ 812,176	\$ 25,148	\$ 25,148	\$ 837,324	\$ 837,324
Construction in progress	3,979,049	23,220,614	5,272,702	472,791	9,251,751	23,693,405
Land improvements	1,716,550	259,657	-	-	1,716,550	259,657
Buildings and improvements	1,363,486	1,452,332	2,902,918	-	4,266,404	1,452,332
Infrastructure	42,202,970	3,834,434	-	-	42,202,970	3,834,434
Furniture, machinery and equipment	3,168,596	1,685,599	404,499	2,992,940	3,573,095	4,678,539
Wastewater system	-	-	8,498,661	7,644,616	8,498,661	7,644,616
Water system	-	-	8,817,234	7,877,455	8,817,234	7,877,455
Machinery, equipment and vehicles	-	-	-	114,098	-	114,098
	<u>\$53,242,827</u>	<u>\$31,264,812</u>	<u>\$25,921,162</u>	<u>\$19,127,048</u>	<u>\$79,163,989</u>	<u>\$50,391,860</u>

Long-term Debt

At the end of the current fiscal year, the Town of Buckeye, Arizona had total long-term obligations outstanding of \$83,594,896, including seven new leases. Of the outstanding debt, \$880,000 is general obligation bonds backed by the full faith and credit of the Town. An additional \$3,805,000 are improvement bonds that are backed by the property owners within the District. An additional \$64,625,000 are community facilities district bonds backed by property owners within the District areas. The remaining \$9,400,000 and \$2,460,000 of outstanding debt is secured by pledges of specific revenue sources of the Town.

The following schedule shows the outstanding debt of the Town (both current and long-term) as of June 30, 2005 and 2004. Further detail on the Town's outstanding debt may be found in Note 3.D. on pages 56 - 58.

Town of Buckeye, Arizona
Long-term Obligations at June 30, 2005

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ 880,000	\$ 1,145,000	\$ -	\$ -	\$ 880,000	\$ 1,145,000
Improvement bonds	3,805,000	4,025,000	-	-	3,805,000	4,025,000
Revenue bonds	9,400,000	90,000	2,460,000	2,560,000	11,860,000	2,650,000
Community facilities district bonds	64,625,000	42,062,000	-	-	64,625,000	42,062,000
Deferred amount on premium	698,622	-	-	-	698,622	-
Deferred amount on discount	(986,639)	(1,035,371)	-	-	(986,639)	(1,035,371)
Capital leases	2,043,667	942,687	9,766	41,102	2,053,433	983,789
Compensated absences	608,165	472,443	51,315	46,083	659,480	518,526
	<u>\$81,073,815</u>	<u>\$47,701,759</u>	<u>\$ 2,521,081</u>	<u>\$ 2,647,185</u>	<u>\$83,594,896</u>	<u>\$50,348,944</u>

Economic Factors and Next Year's Budgets and Rates

- ◆ The State of Arizona is projecting significant budget deficits that may result in cuts in State Shared Revenues and Arizona State Sales Tax.
- ◆ State Shared Revenue and Arizona State Sales Tax make up 11% of the Town's general revenues.
- ◆ Town Sales Tax Revenue and Property Tax Revenue make up 36% of the general fund revenues and are predicted to increase by 37%, which should help compensate for any State level cuts.
- ◆ The Town's population is expected to increase by 16%, with construction of two new master planned communities and several other master planned communities in the approval process.

Financial contact

This financial report is designed to provide a general overview of the Town's finances for all of those with an interest and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to:

Town of Buckeye
Accounting Department
100 N. Apache, Suite A
Buckeye, AZ 85326
623-386-4691

Or visit our website at:

www.buckeyeaz.org

Basic Financial Statements

TOWN OF BUCKEYE, ARIZONA
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Governmental Activities	Business-type Activities	Totals
Assets			
Cash and cash equivalents	\$ 24,433,738	\$ 5,428,292	\$ 29,862,030
Receivables, net			
Accounts receivable	2,080,120	564,378	2,644,498
Taxes receivable	10,557	-	10,557
Intergovernmental receivable	1,783,742	-	1,783,742
Special assessments receivable	26,430,000	-	26,430,000
Inventories	-	14,159	14,159
Deferred charges	1,915,877	128,210	2,044,087
Restricted assets	18,174,836	192,747	18,367,583
Capital assets			
Non-depreciable	4,791,225	5,297,850	10,089,075
Depreciable (net)	<u>48,451,602</u>	<u>20,623,312</u>	<u>69,074,914</u>
Total assets	<u>128,071,697</u>	<u>32,248,948</u>	<u>160,320,645</u>
Liabilities			
Accounts payable	2,869,537	603,665	3,473,202
Accrued wages and benefits	450,688	7,224	457,912
Interest payable	1,906,226	-	1,906,226
Developer agreements payable	-	91,120	91,120
Intergovernmental payable	-	43,031	43,031
Customer deposits payable	-	192,747	192,747
Matured debt principal payable	1,298,000	-	1,298,000
Noncurrent liabilities			
Due within one year	1,406,758	105,350	1,512,108
Due in more than one year	<u>79,667,057</u>	<u>2,415,731</u>	<u>82,082,788</u>
Total liabilities	<u>87,598,266</u>	<u>3,458,868</u>	<u>91,057,134</u>
Net assets			
Invested in capital assets, net of related debt	(10,645,987)	23,451,396	12,805,409
Restricted for			
Highways and streets	128,888	-	128,888
Debt service	4,635,218	-	4,635,218
Capital outlay	4,087,763	-	4,087,763
Other	285,348	-	285,348
Unrestricted	<u>41,982,201</u>	<u>5,338,684</u>	<u>47,320,885</u>
Total net assets	<u>\$ 40,473,431</u>	<u>\$ 28,790,080</u>	<u>\$ 69,263,511</u>

The notes to the basic financial statements are an integral part of this statement.

TOWN OF BUCKEYE, ARIZONA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Functions/Programs							
Governmental activities							
General government	\$ 7,470,451	\$ 16,269,531	\$ 32,237	\$ 100,935	\$ 8,932,252	\$ -	\$ 8,932,252
Public safety	7,596,499	2,751,021	166,520	-	(4,678,958)	-	(4,678,958)
Highways and streets	2,783,879	92,675	715,999	597,040	(1,378,165)	-	(1,378,165)
Culture and recreation	1,125,571	557,020	246,187	-	(322,364)	-	(322,364)
Community development	1,295,799	-	-	-	(1,295,799)	-	(1,295,799)
Economic development	314,985	-	-	-	(314,985)	-	(314,985)
Health and welfare	501,760	-	213,057	-	(288,703)	-	(288,703)
Interest on long-term debt	3,821,751	7,727,974	-	-	3,906,223	-	3,906,223
Total governmental activities	<u>24,910,695</u>	<u>27,398,221</u>	<u>1,374,000</u>	<u>697,975</u>	<u>4,559,501</u>	<u>-</u>	<u>4,559,501</u>
Business-type activities							
Sewer	1,545,062	6,313,309	-	1,651,779	-	6,420,026	6,420,026
Water	1,871,838	3,585,229	-	-	-	1,713,391	1,713,391
Total business-type activities	<u>3,416,900</u>	<u>9,898,538</u>	<u>-</u>	<u>1,651,779</u>	<u>-</u>	<u>8,133,417</u>	<u>8,133,417</u>
Totals	<u>\$ 28,327,595</u>	<u>\$ 37,296,759</u>	<u>\$ 1,374,000</u>	<u>\$ 2,349,754</u>	<u>4,559,501</u>	<u>8,133,417</u>	<u>12,692,918</u>
General revenues							
Taxes							
Sales taxes							
Property taxes							
Franchise taxes							
State revenue sharing							
State sales tax revenue sharing							
Auto lieu tax revenue sharing							
Grants and contributions not restricted							
Investment earnings							
Other							
Transfers							
Total general revenues and transfers							
Change in net assets							
Net assets, beginning of year							
Net assets, end of year							

The notes to the basic financial statements are an integral part of this statement.

TOWN OF BUCKEYE, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	General	Debt Service	CFD Debt Service	CFD Capital Projects	Buckeye Infrastructure Fund	Nonmajor Governmental Funds	Totals
Assets							
Cash and cash equivalents	\$ 12,332,032	\$ 1,202,161	\$ 6,457,477	\$ 9,106,148	\$ 9,294,736	\$ 4,216,020	\$ 42,608,574
Receivables, net							
Accounts receivable	1,263,432	-	177,259	606,381	-	33,048	2,080,120
Taxes receivable	-	10,557	-	-	-	-	10,557
Intergovernmental receivable	1,203,441	-	-	-	-	580,301	1,783,742
Special assessments receivable	-	3,805,000	22,625,000	-	-	-	26,430,000
Total assets	<u>\$ 14,798,905</u>	<u>\$ 5,017,718</u>	<u>\$ 29,259,736</u>	<u>\$ 9,712,529</u>	<u>\$ 9,294,736</u>	<u>\$ 4,829,369</u>	<u>\$ 72,912,993</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 2,471,238	\$ 4,600	\$ 3,410	\$ 61,854	\$ 1,065	\$ 327,370	\$ 2,869,537
Accrued wages and benefits	450,688	-	-	-	-	-	450,688
Interest payable	-	139,734	1,766,492	-	-	-	1,906,226
Deferred revenue	-	3,805,000	22,625,000	-	-	-	26,430,000
Matured debt principal payable	-	355,000	943,000	-	-	-	1,298,000
Total liabilities	<u>2,921,926</u>	<u>4,304,334</u>	<u>25,337,902</u>	<u>61,854</u>	<u>1,065</u>	<u>327,370</u>	<u>32,954,451</u>
Fund balances							
Unreserved	11,876,979	713,384	3,921,834	9,650,675	9,293,671	-	35,456,543
Unreserved, reported in nonmajor:							
Special revenue funds	-	-	-	-	-	414,236	414,236
Capital projects funds	-	-	-	-	-	4,087,763	4,087,763
Total fund balances	<u>11,876,979</u>	<u>713,384</u>	<u>3,921,834</u>	<u>9,650,675</u>	<u>9,293,671</u>	<u>4,501,999</u>	<u>39,958,542</u>
Total liabilities and fund balances	<u>\$ 14,798,905</u>	<u>\$ 5,017,718</u>	<u>\$ 29,259,736</u>	<u>\$ 9,712,529</u>	<u>\$ 9,294,736</u>	<u>\$ 4,829,369</u>	<u>\$ 72,912,993</u>

The notes to the basic financial statements are an integral part of this statement.

TOWN OF BUCKEYE, ARIZONA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2005

Fund balances - total governmental funds	\$ 39,958,542
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Amounts reported for governmental activities in the statement of net assets are different because:

Special assessment revenue not available for current financial resources	26,430,000
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	60,440,545
Less accumulated depreciation	<u>(7,197,718)</u>
Capital assets used in governmental activities	<u>53,242,827</u>

Other long-term assets are not available to pay for current-period expenditures:

Deferred charges	1,915,877
------------------	-----------

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

General obligation bonds	(880,000)
Improvement bonds	(3,805,000)
Revenue bonds	(9,400,000)
Community facilities district bonds	(64,625,000)
Deferred amount on premium	(698,622)
Deferred amount on discount	986,639
Capital leases	(2,043,667)
Compensated absences	<u>(608,165)</u>

Net assets of governmental activities	\$ <u>40,473,431</u>
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The notes to the basic financial statements are an integral part of this statement.

TOWN OF BUCKEYE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	General	Debt Service	CFD Debt Service	CFD Capital Projects	Buckeye Infrastructure Fund	Nonmajor Governmental Funds	Totals
Revenues							
Taxes							
Sales taxes	\$ 7,388,846	\$ -	\$ -	\$ -	\$ -	\$ 1,055,138	\$ 8,443,984
Property taxes	850,782	355,909	704,852	69,875	-	-	1,981,418
Franchise taxes	316,422	-	-	-	-	-	316,422
Intergovernmental	2,033,442	-	-	-	-	2,003,090	4,036,532
Fines and forfeitures	235,212	-	-	-	-	-	235,212
Licenses and permits	6,670,430	-	-	-	-	-	6,670,430
Charges for services	6,394,179	-	-	-	-	-	6,394,179
Developer agreements	-	-	1,566,417	933,817	-	1,516,524	4,016,758
Contributions and donations	21,958	-	-	-	-	-	21,958
Impact fees	-	-	-	-	-	2,226,478	2,226,478
Special assessments	-	687,759	2,697,215	-	-	-	3,384,974
Investment earnings	193,459	-	55,008	216,666	45,878	22,601	533,612
Other	206,372	26,541	63,601	-	-	23,961	320,475
Total Revenues	<u>24,311,102</u>	<u>1,070,209</u>	<u>5,087,093</u>	<u>1,220,358</u>	<u>45,878</u>	<u>6,847,792</u>	<u>38,582,432</u>
Expenditures							
Current							
General government	7,301,924	7,078	784	11,952	-	293,587	7,615,325
Public safety	7,610,037	-	-	-	-	2,420,531	10,030,568
Highways and streets	-	-	-	-	-	1,045,994	1,045,994
Culture and recreation	1,156,398	-	-	-	-	225	1,156,623
Community development	1,252,828	-	-	-	-	-	1,252,828
Economic development	253,255	-	-	-	-	-	253,255
Health and welfare	271,224	-	-	-	-	235,665	506,889
Debt Service							
Principal retirement	-	575,000	1,287,000	-	-	-	1,862,000
Interest on long-term debt	-	286,063	3,445,076	-	-	-	3,731,139
Issuance costs	-	-	-	1,293,267	140,941	-	1,434,208
Capital outlay	1,808,396	-	-	21,144,491	722,038	492,270	24,167,195
Total Expenditures	<u>19,654,062</u>	<u>868,141</u>	<u>4,732,860</u>	<u>22,449,710</u>	<u>862,979</u>	<u>4,488,272</u>	<u>53,056,024</u>
Excess (deficiency) of revenues over expenditures	<u>4,657,040</u>	<u>202,068</u>	<u>354,233</u>	<u>(21,229,352)</u>	<u>(817,101)</u>	<u>2,359,520</u>	<u>(14,473,592)</u>
Other financing sources (uses)							
Transfers in	-	92,325	-	-	-	634,901	727,226
Transfers out	(634,901)	-	-	-	-	(92,325)	(727,226)
Proceeds of long-term debt issuance	-	-	420,863	23,429,137	9,400,000	-	33,250,000
Premium on long-term debt issuance	-	-	-	-	710,772	-	710,772
Proceeds from capital leases	311,032	-	-	-	-	1,311,021	1,622,053
Total other financing sources (uses)	<u>(323,869)</u>	<u>92,325</u>	<u>420,863</u>	<u>23,429,137</u>	<u>10,110,772</u>	<u>1,853,597</u>	<u>35,582,825</u>
Net change in fund balances	4,333,171	294,393	775,096	2,199,785	9,293,671	4,213,117	21,109,233
Fund balances, beginning of year	7,543,808	418,991	3,146,738	7,450,890	-	288,882	18,849,309
Fund balances, end of year	<u>\$ 11,876,979</u>	<u>\$ 713,384</u>	<u>\$ 3,921,834</u>	<u>\$ 9,650,675</u>	<u>\$ 9,293,671</u>	<u>\$ 4,501,999</u>	<u>\$ 39,958,542</u>

The notes to the basic financial statements are an integral part of this statement.

TOWN OF BUCKEYE, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Net change in fund balances - total governmental funds \$ 21,109,233

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	24,304,659
Less current year depreciation	<u>(2,307,383)</u>
Excess capital expenditures over depreciation	<u>21,997,276</u>

The statement of activities reports losses arising from the disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on disposals of capital assets. (19,261)

Some revenues reported in the governmental funds that did not provide current financial resources in prior years have been recognized previously in the statement of activities and therefore are not reported as revenues in the statement of activities.

Special assessments 4,343,000

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The issuance of long-term debt increases long-term liabilities on the statement of net assets and the repayment of principal on long-term debt reduces long-term debt on the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these items are deferred and amortized over the term of the long-term debt in the statement of activities.

Principal payments on long-term debt	1,862,000
Principal payments on capital leases	521,073
Proceeds of capital leases	(1,622,053)
Proceeds of long-term debt	(33,960,772)
Issuance costs	1,434,208
Amortization of discount	(48,732)
Amortization of issuance costs	(54,030)
Amortization of premium	12,150

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Net increase in compensated absences (135,722)

Change in net assets of governmental activities \$ 15,438,370

The notes to the basic financial statements are an integral part of this statement.

TOWN OF BUCKEYE, ARIZONA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes			
Sales taxes	\$ 5,144,000	\$ 7,388,846	\$ 2,244,846
Property taxes	802,117	850,782	48,665
Franchise taxes	257,000	316,422	59,422
Intergovernmental	2,231,272	2,033,442	(197,830)
Fines and forfeitures	231,700	235,212	3,512
Licenses and permits	5,149,000	6,670,430	1,521,430
Charges for services	2,520,550	6,394,179	3,873,629
Contributions and donations	39,500	21,958	(17,542)
Investment earnings	132,150	193,459	61,309
Other	493,600	206,372	(287,228)
Total Revenues	<u>17,000,889</u>	<u>24,311,102</u>	<u>7,310,213</u>
Expenditures			
Current			
General government			
Mayor and council	56,456	53,789	2,667
Administration	776,551	772,127	4,424
Finance department	559,397	551,423	7,974
Magistrate	295,178	283,840	11,338
Vehicle maintenance	560,113	495,654	64,459
Irrigation	233,200	224,522	8,678
Cemetery	74,171	70,786	3,385
Non-departmental	595,582	3,379,231	(2,783,649)
Airport	267,924	269,628	(1,704)
Public works - administration	846,489	877,289	(30,800)
Contingencies	25,000	25,000	-
Information technology	215,744	193,943	21,801
Sun City expenditures	-	104,692	(104,692)
Total general government	<u>4,505,805</u>	<u>7,301,924</u>	<u>(2,796,119)</u>
Public safety			
Police	5,079,784	4,089,798	989,986
Fire	3,781,460	3,277,056	504,404
Cost of adjudications	10,150	1,957	8,193
Total public safety	<u>8,871,394</u>	<u>7,368,811</u>	<u>1,502,583</u>
Culture and recreation			
Parks, recreation and library	1,166,547	1,109,282	57,265
Total culture and recreation	<u>1,166,547</u>	<u>1,109,282</u>	<u>57,265</u>
Community development			
Community development	1,170,798	1,230,138	(59,340)
Total community development	<u>1,170,798</u>	<u>1,230,138</u>	<u>(59,340)</u>
Economic development			
Economic development	1,188,075	253,255	934,820
Total economic development	<u>1,188,075</u>	<u>253,255</u>	<u>934,820</u>
Health and welfare			
Social services	341,627	271,224	70,403
Total health and welfare	<u>341,627</u>	<u>271,224</u>	<u>70,403</u>
Capital outlay	3,995,691	1,808,396	2,187,295
Total Expenditures	<u>21,239,937</u>	<u>19,343,030</u>	<u>1,896,907</u>
Excess (deficiency) of revenues over expenditures	<u>(4,239,048)</u>	<u>4,968,072</u>	<u>9,207,120</u>

(Continued)

The notes to the basic financial statements are an integral part of this statement.

TOWN OF BUCKEYE, ARIZONA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(Concluded)	Original and Final Budget	Actual	Variance with Final Budget
Other financing sources (uses)			
Transfers out	\$ -	\$ (634,901)	\$ (634,901)
Total other financing sources (uses)	<u>-</u>	<u>(634,901)</u>	<u>(634,901)</u>
Net change in fund balances	(4,239,048)	4,333,171	8,572,219
Fund balances, beginning of year	<u>4,239,048</u>	<u>7,543,808</u>	<u>3,304,760</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 11,876,979</u>	<u>\$ 11,876,979</u>

The notes to the basic financial statements are an integral part of this statement.

TOWN OF BUCKEYE, ARIZONA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 3,283,432	\$ 2,144,860	\$ 5,428,292
Receivables, net			
Accounts receivable	211,091	353,287	564,378
Inventories	-	14,159	14,159
Deferred charges	-	128,210	128,210
Restricted assets	-	192,747	192,747
Noncurrent assets			
Capital assets			
Non-depreciable	5,286,031	11,819	5,297,850
Depreciable (net)	<u>10,783,661</u>	<u>9,839,651</u>	<u>20,623,312</u>
Total assets	<u>19,564,215</u>	<u>12,684,733</u>	<u>32,248,948</u>
Liabilities			
Current liabilities			
Accounts payable	555,371	48,294	603,665
Accrued wages and benefits	1,156	6,068	7,224
Intergovernmental payable	-	43,031	43,031
Developer agreements payable	91,120	-	91,120
Customer deposits payable	-	192,747	192,747
Compensated absences	515	68	583
Capital leases payable	4,767	-	4,767
Bonds, notes and loans payable	-	100,000	100,000
Noncurrent liabilities			
Compensated absences	20,836	29,896	50,732
Capital leases payable	4,999	-	4,999
Bonds, notes and loans payable	<u>-</u>	<u>2,360,000</u>	<u>2,360,000</u>
Total liabilities	<u>678,764</u>	<u>2,780,104</u>	<u>3,458,868</u>
Net assets			
Invested in capital assets, net of related debt	16,059,926	7,391,470	23,451,396
Unrestricted	<u>2,825,525</u>	<u>2,513,159</u>	<u>5,338,684</u>
Total net assets	<u>\$ 18,885,451</u>	<u>\$ 9,904,629</u>	<u>\$ 28,790,080</u>

The notes to the basic financial statements are an integral part of this statement

TOWN OF BUCKEYE, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Totals
Operating revenues			
Charges for services	\$ 1,154,129	\$ 2,557,235	\$ 3,711,364
Total operating revenues	<u>1,154,129</u>	<u>2,557,235</u>	<u>3,711,364</u>
Operating expenses			
Costs of sales and services	1,251,936	1,394,002	2,645,938
Depreciation	<u>292,144</u>	<u>329,540</u>	<u>621,684</u>
Total operating expenses	<u>1,544,080</u>	<u>1,723,542</u>	<u>3,267,622</u>
Operating income (loss)	<u>(389,951)</u>	<u>833,693</u>	<u>443,742</u>
Nonoperating revenues (expenses)			
Developer agreements	1,651,779	-	1,651,779
Impact fees	5,133,781	1,027,994	6,161,775
Investment earnings	13,681	1,218	14,899
Interest expense	(982)	(140,283)	(141,265)
Issuance costs	-	(8,013)	(8,013)
Miscellaneous revenues	<u>25,399</u>	<u>-</u>	<u>25,399</u>
Total nonoperating revenues (expenses)	<u>6,823,658</u>	<u>880,916</u>	<u>7,704,574</u>
Income before contributions and transfers	6,433,707	1,714,609	8,148,316
Capital contributions	<u>1,072,512</u>	<u>1,503,855</u>	<u>2,576,367</u>
Change in net assets	7,506,219	3,218,464	10,724,683
Total net assets, beginning of year	<u>11,379,232</u>	<u>6,686,165</u>	<u>18,065,397</u>
Total net assets, end of year	<u>\$ 18,885,451</u>	<u>\$ 9,904,629</u>	<u>\$ 28,790,080</u>

The notes to the basic financial statements are an integral part of this statement.

TOWN OF BUCKEYE, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Totals
Cash flows from operating activities			
Receipts from customers	\$ 1,077,005	\$ 2,461,959	\$ 3,538,964
Payments to employees	(226,701)	(416,813)	(643,514)
Payments to suppliers	(489,430)	(932,501)	(1,421,931)
Customer deposits received	-	74,514	74,514
Other receipts	25,399	-	25,399
Net cash flows from operating activities	<u>386,273</u>	<u>1,187,159</u>	<u>1,573,432</u>
Cash flows from capital and financing activities			
Impact fees	5,133,781	1,027,994	6,161,775
Developer agreements	1,045,171	-	1,045,171
Purchases of capital assets	(4,731,509)	(92,915)	(4,824,424)
Principal paid on capital debt	(27,137)	(119,206)	(146,343)
Interest paid on capital debt	(982)	(140,283)	(141,265)
Net cash flows from capital and financing activities	<u>1,419,324</u>	<u>675,590</u>	<u>2,094,914</u>
Cash flows from investing activities			
Investment earnings	13,681	1,218	14,899
Net cash flows from investing activities	<u>13,681</u>	<u>1,218</u>	<u>14,899</u>
Net change in cash and cash equivalents	1,819,278	1,863,967	3,683,245
Cash and cash equivalents, beginning of year	<u>1,464,154</u>	<u>473,640</u>	<u>1,937,794</u>
Cash and cash equivalents, end of year	<u>\$ 3,283,432</u>	<u>\$ 2,337,607</u>	<u>\$ 5,621,039</u>
Reconciliation of cash and cash equivalents to the statement of net assets			
Cash and investments	\$ 3,283,432	\$ 2,144,860	\$ 5,428,292
Restricted assets	-	192,747	192,747
Total cash and cash equivalents	<u>\$ 3,283,432</u>	<u>\$ 2,337,607</u>	<u>\$ 5,621,039</u>

The notes to the basic financial statements are an integral part of this statement

TOWN OF BUCKEYE, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Totals</u>
(Concluded)			
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ (389,951)	\$ 833,693	\$ 443,742
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	292,144	329,540	621,684
Other receipts	25,399	-	25,399
Change in assets/liabilities:			
Receivables, net	(77,124)	(138,307)	(215,431)
Accounts payable	533,452	48,236	581,688
Accrued wages and benefits	1,156	(7,583)	(6,427)
Intergovernmental payable	-	43,031	43,031
Compensated absences	1,197	4,035	5,232
Customer deposits payable	-	74,514	74,514
Net cash provided by operating activities	<u>\$ 386,273</u>	<u>\$ 1,187,159</u>	<u>\$ 1,573,432</u>

Noncash Investing, Capital and Financing Activities:

Bond issuance costs of \$8,013 were amortized in the Water Fund during the year.

The notes to the basic financial statements are an integral part of this statement

TOWN OF BUCKEYE, ARIZONA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005

	<u>Pension Trust</u>
Assets	
Cash and cash equivalents	\$ <u>226.005</u>
Total assets	\$ <u>226.005</u>
Net Assets	
Held in trust	\$ <u><u>226.005</u></u>

The notes to the basic financial statements are an integral part of this statement

TOWN OF BUCKEYE, ARIZONA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Pension Trust</u>
Additions	
Contributions	
Employer	\$ 2,629
Employee	<u>1,425</u>
Total contributions	<u>4,054</u>
Investment earnings	
Interest	13,807
Other	<u>420</u>
Total additions	<u>18,281</u>
Deductions	
Benefits	<u>1,367</u>
Total deductions	<u>1,367</u>
Change in net assets	16,914
Net assets, beginning of year	<u>209,091</u>
Net assets, end of year	<u>\$ 226,005</u>

The notes to the basic financial statements are an integral part of this statement

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TOWN OF BUCKEYE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Buckeye, Arizona (Town) have been prepared in conformity with U.S. generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the Town's more significant accounting policies follows.

A. Reporting Entity

The Town is a municipal government that is governed by a separately elected governing body. It is legally separate from and fiscally independent of other state and local governments. The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations.

Included within the reporting entity:

The Verrado Community Facilities District No. 1 (formerly Whitestone District No. 1), Sundance Community Facilities District No. 1, Sundance Community Facilities District No. 2, Sundance Community Facilities District No. 3, Verrado Western Overlay Community Facilities District, West Park Community Facilities District, Elianto Community Facilities District, Trillium West Community Facilities District, Festival Ranch Community Facilities District and Tartesso West Community Facilities District were formed for the purpose of acquiring and improving public infrastructure in specified land areas. As special purpose districts and separate political subdivisions under the Arizona Constitution, the Districts can levy taxes and issue bonds independently of the Town. Property owners in the designated areas are assessed for District taxes and thus for the costs of operating the Districts. The Town Council serves as the Board of Directors; however, the Town has no liability for the Districts' debt. For financial reporting purposes, transactions of the Districts are combined together and included as if they were part of the Town's operations.

Separate financial statements of the Districts are not prepared.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

TOWN OF BUCKEYE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2005

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. However, since debt service resources are provided during the current year for payment of long-term principal and interest due early in the following year, the expenditures and related liabilities have been recognized in the Debt Service Fund.

Property taxes, intergovernmental grants and aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

TOWN OF BUCKEYE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2005

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The *CFD Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt of community facilities districts.

The *CFD Capital Projects Fund* accounts for the resources to be used for the acquisition or construction of major capital facilities of the community facilities districts.

The *Buckeye Infrastructure Fund* accounts for proceeds from revenue bonds for street projects.

The Town reports the following major proprietary funds:

The *Sewer Fund* accounts for the activities of the Town's sewer operations.

The *Water Fund* accounts for the activities of the Town's water operations.

Additionally, the government reports the following fund types:

The *Pension Trust Fund* accounts for the activities of the Volunteer Firefighters' Relief and Pension Fund, which accumulates resources for pension benefit payments to qualified firemen.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for the business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

TOWN OF BUCKEYE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2005

Amounts reported as program revenues include 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer and water funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, for governmental activities it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. For business-type activities, the use of restricted resources is governed by the applicable bond covenants.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the State Treasurer, and highly liquid investments with maturities of three months or less from the date of acquisition.

Cash and investments are pooled except for funds required to be held by fiscal agents or restricted under provisions of bond indentures. Interest earned from investments purchased with such pooled monies is allocated to each of the funds based on the average daily cash balances. State statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties or incorporated cities, towns or duly organized school districts, improvement districts in this state and the State Treasurer's Local Government Investment Pool. Investments are stated at fair value.

2. Receivables

All trade receivables are shown net of an allowance for uncollectibles.

TOWN OF BUCKEYE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2005

Maricopa County levies real property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. However, a lien against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.

3. Short-term Interfund Receivables/Payables

During the course of operations, individual funds within the Town's pooled cash accounts may borrow money from the other funds within the pool on a short-term basis. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and are eliminated in the preparation of the government-wide financial statements. The Town did not have any interfund receivable/payables at year-end.

4. Inventories

Inventories consist of expendable supplies held for consumption. Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

5. Restricted Assets

Certain proceeds of the Town's bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants.

Customer deposits are also classified as restricted assets because their use is limited.

6. Capital Assets

Capital assets, which include property, plant, furniture, equipment and vehicles are reported in the governmental and business-type activities column in the government-wide financial statements as applicable and in the proprietary fund statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

TOWN OF BUCKEYE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2005

Property, plant, furniture, equipment and vehicles purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

General infrastructure assets acquired prior to July 1, 2002 are not reported in the basic financial statements. Those assets will be transitioned in over the next three fiscal years in accordance with GASB Statement No. 34.

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Land improvements	10-20 years
Buildings and improvements	50 years
Wastewater system	50 years
Water system	50 years
Improvements other than buildings	40 years
Infrastructure	20-50 years
Furniture, machinery and equipment	3-10 years
Vehicles	5-10 years

7. Compensated Absences

The liability for compensated absences reported in the fund financial statements and the government-wide statements consists of unpaid, accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

8. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

TOWN OF BUCKEYE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2005

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Net Assets

In the government-wide financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt is separately reported because capital assets make up a significant portion of total net assets. Restricted net assets account for the portion of net assets restricted by parties outside the Town. Unrestricted net assets are the remaining net assets not included in the previous two categories.

10. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The Town Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Arizona Revised Statutes, the Town Manager submits a proposed budget for the fiscal year commencing the following July 1 to the Town Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.

TOWN OF BUCKEYE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2005

3. Prior to the third Monday in August, the expenditure limitation for the Town is legally enacted through passage of an ordinance. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total Town expenditures from the audited financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. By Arizona Constitution, expenditures may not legally exceed the expenditure limitation described below of all fund types as a whole. For management purposes, the Town adopts a budget by department for the General Fund and in total by fund for other funds. The Town Manager, subject to Town Council approval, may at any time transfer any unencumbered appropriation balance or portion thereof between a department or activity. The adopted budget cannot be amended in any way without Town Council approval.
5. Formal budgetary integration is employed as a management control device during the year for the General, Debt Service, HURF, Grant Programs, Cemetery Improvement and Street Improvement Funds on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures. See Note 4.C. for exception.

The Town is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. This law does not permit the Town to spend more than budgeted revenues plus the carryover unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The Town complied with this law during the year.

No supplementary budgetary appropriations were necessary during the year.

TOWN OF BUCKEYE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2005

B. Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations in the following funds:

	<u>Amount of Overexpenditure</u>
General Fund:	
Non-departmental	\$2,783,649
Airport	1,704
Public works - administration	30,800
Sun City expenditures	104,692
Community development	59,340
Debt Service Fund	678
Street Improvement Fund	430,122

Cash was available to meet all of the overexpenditures above.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Deposits and investments at June 30, 2005 consist of the following:

Deposits	
Cash on hand	\$ 809
Cash in bank	7,906,087
Cash on deposit with paying agent	1,002,719
Investments	
Cash on deposit with trustee	13,322,340
Pension Trust Mutual Funds	230,155
State Treasurer's Investment Pool	<u>25,993,508</u>
Total deposits and investments	48,455,618
Restricted assets	(18,367,583)
Fiduciary Funds	<u>(226,005)</u>
Total cash and cash equivalents	\$ <u>29,862,030</u>

TOWN OF BUCKEYE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2005

Deposits - The Town's deposits at June 30, 2005, were entirely covered by federal depository insurance or by collateral held by the Town's custodial bank in the Town's name.

Investments - The State Board of Deposit provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. The shares are not identified with specific investments and are not subject to custodial credit risk. In addition, the pension trust mutual fund is not subject to custodial credit risk. Cash on deposit with trustee is held in trust for the Town under a Trust Agreement with Wells Fargo Bank. The funds held in trust are invested in money market funds, are valued at cost, and are invested in cash and cash equivalents and U.S. Treasury Bills. The funds are not subject to credit risk or interest rate risk.

Interest rate risk. In accordance with its investment policy, the Town manages its exposure to declines in fair value by limiting the average maturity of investments to less than one year.

Custodial credit risk. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a formal investment policy in regards to custodial credit risk. However, the Town's investments are not subject to custodial credit risk.

2. Restricted Assets

Restricted assets in the Enterprise Funds at June 30, 2005 consisted of the following:

Construction	\$ 18,174,836
Customer deposits	<u>192,747</u>
	<u>\$ 18,367,583</u>

TOWN OF BUCKEYE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2005

3. Receivables

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
Special assessments not yet due (Debt Service Fund)	\$ 3,805,000
Special assessments not yet due (CFD Debt Service Fund)	<u>22,625,000</u>
Total deferred revenue	<u>\$ 26,430,000</u>

TOWN OF BUCKEYE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2005

4. Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 812,176	\$ -	\$ -	\$ 812,176
Construction in progress	<u>23,220,614</u>	<u>3,051,081</u>	<u>(22,292,646)</u>	<u>3,979,049</u>
Total capital assets, not being depreciated	<u>24,032,790</u>	<u>3,051,081</u>	<u>(22,292,646)</u>	<u>4,791,225</u>
Capital assets being depreciated:				
Land improvements	1,366,330	1,555,708	-	2,922,038
Buildings and improvements	2,486,843	-	-	2,486,843
Infrastructure	4,069,241	40,101,648	-	44,170,889
Furniture, machinery and equipment	<u>4,200,620</u>	<u>1,888,868</u>	<u>(19,938)</u>	<u>6,069,550</u>
Total capital assets being depreciated	<u>12,123,034</u>	<u>43,546,224</u>	<u>(19,938)</u>	<u>55,649,320</u>
Less accumulated depreciation for:				
Land improvements	(1,106,673)	(98,815)	-	(1,205,488)
Buildings and improvements	(1,034,511)	(88,846)	-	(1,123,357)
Infrastructure	(234,807)	(1,733,112)	-	(1,967,919)
Furniture, machinery and equipment	<u>(2,515,021)</u>	<u>(386,610)</u>	<u>677</u>	<u>(2,900,954)</u>
Total accumulated depreciation	<u>(4,891,012)</u>	<u>(2,307,383)</u>	<u>677</u>	<u>(7,197,718)</u>
Total capital assets, being depreciated, net	<u>7,232,022</u>	<u>41,238,841</u>	<u>(19,261)</u>	<u>48,451,602</u>
Governmental activities capital assets, net	<u>\$ 31,264,812</u>	<u>\$ 44,289,922</u>	<u>\$ (22,311,907)</u>	<u>\$ 53,242,827</u>

TOWN OF BUCKEYE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2005

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 25,148	\$ -	\$ -	\$ 25,148
Construction in progress	<u>472,791</u>	<u>4,799,911</u>	<u>-</u>	<u>5,272,702</u>
Total capital assets, not being depreciated	<u>497,939</u>	<u>4,799,911</u>	<u>-</u>	<u>5,297,850</u>
Capital assets being depreciated:				
Wastewater system	8,254,999	1,072,512	-	9,327,511
Water system	8,764,108	1,219,823	-	9,983,931
Buildings and improvements	4,246,735	-	-	4,246,735
Machinery, equipment and vehicles	<u>329,554</u>	<u>323,552</u>	<u>-</u>	<u>653,106</u>
Total capital assets being depreciated	<u>21,595,396</u>	<u>2,615,887</u>	<u>-</u>	<u>24,211,283</u>
Less accumulated depreciation for:				
Wastewater system	(610,383)	(218,467)	-	(828,850)
Water system	(886,653)	(280,044)	-	(1,166,697)
Buildings and improvements	(1,253,795)	(90,022)	-	(1,343,817)
Machinery, equipment and vehicles	<u>(215,456)</u>	<u>(33,151)</u>	<u>-</u>	<u>(248,607)</u>
Total accumulated depreciation	<u>(2,966,287)</u>	<u>(621,684)</u>	<u>-</u>	<u>(3,587,971)</u>
Total capital assets, being depreciated, net	<u>18,629,109</u>	<u>1,994,203</u>	<u>-</u>	<u>20,623,312</u>
Business-type activities capital assets, net	<u>\$ 19,127,048</u>	<u>\$ 6,794,114</u>	<u>\$ -</u>	<u>\$ 25,921,162</u>

TOWN OF BUCKEYE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2005

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 66,410
Public safety	269,407
Highways and streets	1,799,698
Culture and recreation	104,860
Community development	11,206
Economic development	<u>55,802</u>
Total depreciation expense-governmental activities	<u>\$ 2,307,383</u>
Business-type activities:	
Sewer	\$ 292,144
Water	<u>329,540</u>
Total depreciation expense-business-type activities	<u>\$ 621,684</u>

5. Construction Commitments

The Town has active construction projects at June 30, 2005. The projects include street improvements, airport improvements, construction of a fire and police station, construction of a library and recreation center and wastewater treatment plant improvements. At fiscal year end the Town's commitments with contractors were as follows:

Governmental Activities		
Project	Spent-to-date	Remaining Commitment
Street improvements	\$ 1,194,030	\$ 100,000
Airport improvements	953,813	1,900,000
Fire station	859,213	750,000
Police station	37,590	-
Rancho Sunora wall	274,670	900,000
Library and recreation center	<u>659,733</u>	<u>600,000</u>
	<u>\$ 3,979,049</u>	<u>\$ 4,250,000</u>
Business-type Activities		
Project	Spent-to-date	Remaining Commitment
Wastewater treatment plant improvements	<u>\$ 5,272,702</u>	<u>\$ 5,500,000</u>

TOWN OF BUCKEYE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2005

B. Transfers

Interfund transfers for the year ended June 30, 2005 consisted of the following:

Transfers To	Transfers From		
	General Fund	Nonmajor Governmental Funds	Total
Debt Service Fund	\$ -	\$ 92,325	\$ 92,325
Nonmajor Governmental Funds	<u>634.901</u>	<u>-</u>	<u>634.901</u>
Totals	<u>\$ 634.901</u>	<u>\$ 92.325</u>	<u>\$ 727.226</u>

Transfers were made for operations in the applicable fund.

C. Obligations Under Leases

Capital Leases

The Town has entered into lease agreements as a lessee for financing the acquisition of various furniture, machinery and equipment items for its governmental activities. The Town has also entered into lease agreements as a lessee for financing the acquisition of trucks and a sewer rotator jet for its business-type activities. These lease agreements qualify as capital leases for accounting purposes and; therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Asset:		
Furniture, equipment and vehicles	\$ 3,149,322	\$ 166,098
Less: accumulated depreciation	<u>(750.195)</u>	<u>(78.880)</u>
Total	<u>\$ 2,399.127</u>	<u>\$ 87.218</u>

TOWN OF BUCKEYE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2005

Amortization expense has been included in depreciation expense.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2005, were as follows:

Year Ending June 30,	Governmental Activities	Business-type Activities
2006	\$ 504,374	\$ 5,241
2007	406,854	5,241
2008	406,855	-
2009	316,796	-
2010	278,679	-
2011-2015	<u>465,341</u>	<u>-</u>
Total minimum lease payments	2,378,899	10,482
Less: amount representing interest	<u>(335,232)</u>	<u>(716)</u>
Present value of minimum lease payments	<u>\$ 2,043,667</u>	<u>\$ 9,766</u>

D. Long-term Obligations

The Town has long-term bonds issued to provide funds for the acquisition and construction of major capital facilities. The Town has also issued debt to refund earlier obligations with higher interest rates. The debt is being repaid by various debt service funds. Compensated absences are paid by the applicable fund where each employee is regularly paid, primarily the General Fund.

Special Assessment districts are created only by petition of the Town Council by property owners within the district areas. The Miller Road Improvement District was created so the Town could fund improvements. Each of the 24 property owners within the District has been assessed taxes by the Town for repayment of the improvement bond. In case of default, the Town has the responsibility to cover delinquencies of special assessment bonds with other sources until foreclosure proceeds are received.

Community facilities districts (CFDs) are created only by petition to the Town Council by property owners within the District areas. As the board of directors for the District, the Town Council has adopted a formal policy that CFD debt will be permitted only when the ratio of full cash value of the District property (prior to improvements being installed), when compared to proposed District debt, is a minimum of 3 to 1 prior to issuance of debt and 5 to 1 or higher after construction of improvements. These ratios are verified by an appraisal paid for by the District and administered by the Town. In addition, cumulative debt of all CFDs cannot exceed 5 percent of the Town's net secondary assessed valuation.

TOWN OF BUCKEYE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2005

Bonds currently outstanding are as follows:

Purpose	Interest Rates (%)	Amount
Governmental activities:		
General Obligation Refunding Bonds, Series 1994	3.1-5.8	\$ <u>880,000</u>
Miller Road Improvement Bonds	5.45	\$ <u>3,805,000</u>
Greater Arizona Development Authority Excise Tax Revenue Bonds, Series 2005A	3.0-5.0	\$ <u>9,400,000</u>
<i>Community Facilities District Bonds:</i>		
Sundance Special Assessment Revenue Bonds, Series 2002	5.25-7.75	\$ 10,166,000
Sundance Special Assessment Revenue Bonds, Series 2003	5.00-7.125	6,701,000
Verrado District No. 1, General Obligation Bonds, Series 2003	6.0-6.5	24,000,000
Sundance General Obligation Bonds, Series 2004	3.0-6.25	5,000,000
Sundance Special Assessment Revenue Bonds, Series 2004	6.50	1,958,000
Verrado Western Overlay General Obligation Bonds, Series 2004	Variable rate	13,000,000
West Park Special Assessment Revenue Bonds, Series 2005	4.55-5.9	<u>3,800,000</u>
Total Community Facilities District Bonds		\$ <u>64,625,000</u>
Business-type activities:		
Excise Tax Revenue Bonds, Series 2000	4.4-5.9	\$ <u>2,460,000</u>

TOWN OF BUCKEYE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2005

Changes in long-term obligations for the year ended June 30, 2005 are as follows:

	<u>July 1, 2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2005</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 1,145,000	\$ -	\$ (265,000)	\$ 880,000	\$ 275,000
Improvement bonds	4,025,000	-	(220,000)	3,805,000	235,000
Revenue bonds	90,000	9,400,000	(90,000)	9,400,000	-
Community facilities district bonds	42,062,000	23,850,000	(1,287,000)	64,625,000	488,000
Deferred amount on premium	-	710,772	(12,150)	698,622	36,450
Deferred amount on discount	<u>(1,035,371)</u>	<u>-</u>	<u>48,732</u>	<u>(986,639)</u>	<u>(48,732)</u>
Total bonds payable	<u>46,286,629</u>	<u>33,960,772</u>	<u>(1,825,418)</u>	<u>78,421,983</u>	<u>985,718</u>
Other liabilities:					
Capital leases	942,687	1,622,053	(521,073)	2,043,667	408,917
Compensated absences	<u>472,443</u>	<u>157,815</u>	<u>(22,093)</u>	<u>608,165</u>	<u>12,123</u>
Total other liabilities	<u>1,415,130</u>	<u>1,779,868</u>	<u>(543,166)</u>	<u>2,651,832</u>	<u>421,040</u>
Governmental activities long-term liabilities	<u>\$ 47,701,759</u>	<u>\$ 35,740,640</u>	<u>\$ (2,368,584)</u>	<u>\$ 81,073,815</u>	<u>\$ 1,406,758</u>
Business-type Activities:					
Bonds payable:					
Revenue bonds	\$ 2,560,000	\$ -	\$ (100,000)	\$ 2,460,000	\$ 100,000
Total bonds payable	<u>2,560,000</u>	<u>-</u>	<u>(100,000)</u>	<u>2,460,000</u>	<u>100,000</u>
Other liabilities:					
Capital leases	41,102	15,007	(46,343)	9,766	4,767
Compensated absences	<u>46,083</u>	<u>5,797</u>	<u>(565)</u>	<u>51,315</u>	<u>583</u>
Total other liabilities	<u>87,185</u>	<u>20,804</u>	<u>(46,908)</u>	<u>61,081</u>	<u>5,350</u>
Business-type activities long-term liabilities	<u>\$ 2,647,185</u>	<u>\$ 20,804</u>	<u>\$ (146,908)</u>	<u>\$ 2,521,081</u>	<u>\$ 105,350</u>

Debt service requirements on long-term debt at June 30, 2005 are as follows:

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 998,000	\$ 4,726,530	\$ 100,000	\$ 136,894
2007	1,161,000	4,466,992	100,000	131,894
2008	1,867,000	4,429,554	110,000	126,794
2009	1,701,000	4,289,581	125,000	121,156
2010	1,768,000	4,183,855	125,000	114,594
2011-2015	16,615,000	18,468,790	725,000	465,378
2016-2020	20,120,000	13,128,108	950,000	239,605
2021-2025	21,952,000	6,688,185	225,000	13,275
2026-2030	<u>12,528,000</u>	<u>1,237,068</u>	<u>-</u>	<u>-</u>
	<u>\$ 78,710,000</u>	<u>\$ 61,618,663</u>	<u>\$ 2,460,000</u>	<u>\$ 1,349,590</u>

TOWN OF BUCKEYE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2005

NOTE 4 - OTHER INFORMATION

A. Risk Management

The Town of Buckeye, Arizona, is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the Town is a participating member. The limit for basic coverage is for \$3,000,000 per occurrence on a claims made basis. Excess coverage is for an additional \$3,000,000 per occurrence on a follow form, claims made basis. No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has the authority to assess its members additional premiums should reserves and annual premiums be insufficient to meet the pool's obligations.

The Town is also insured by Arizona Municipal Workers Compensation Fund for potential worker related accidents.

B. Contingent Liabilities

Accumulated Sick Leave - Sick leave benefits provide for ordinary sick pay and are cumulative but do not vest with employees and, therefore, are not accrued. Unvested accumulated sick leave of Town employees at June 30, 2005, totaled \$560,136.

Lawsuits - The Town is a defendant in various lawsuits. In the opinion of the Town's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

TOWN OF BUCKEYE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2005

C. Budgetary Basis of Accounting

The adopted budget of the Town was prepared on a basis consistent with U.S. generally accepted accounting principles, with one exception. The present value of net minimum capital lease payments was not budgeted as part of General Fund expenditures and other financing sources. Consequently, the following adjustments are necessary to present actual expenditures and other financing sources on a budgetary basis in order to provide a meaningful comparison.

	<u>General Fund</u>	
	<u>Total Expenditures</u>	<u>Total Other Financing Sources</u>
Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 19,654,062	\$ (323,869)
Present value of net minimum capital lease payments	<u>(311.032)</u>	<u>(311.032)</u>
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	\$ <u>19,343.030</u>	\$ <u>(634.901)</u>

D. Subsequent Events

Subsequent to June 30, 2005, the West Park Community Facilities District issued \$690,000 of General Obligation Bonds, the Festival Ranch Community Facilities District issued \$1,448,000 of Special Assessment Bonds, the Tartesso West Community Facilities District issued \$110,000 of General Obligation Bonds, the Watson Road Community Facilities District issued \$49,000,000 of Special Assessment Bonds and the Sundance Community Facilities District issued \$6,000,000 of General Obligation Bonds.

TOWN OF BUCKEYE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2005

E. Retirement Plans

Arizona State Retirement System

Plan Description - The Town contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The system is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the System, 3300 North Central Avenue, P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2000 or (800) 621-3778.

Funding Policy - The Arizona State Legislature establishes and may amend active plan members' and the Town's contribution rate. For the year ended June 30, 2005, active plan members and the Town were each required by statute to contribute at the actuarially determined rate of 5.70 percent (5.20 percent retirement and .50 percent long-term disability) of the members' annual covered payroll. The Town's contributions to the System for the years ended June 30, 2005, 2004, and 2003 were \$203,345, \$172,955, and \$55,283, respectively, which were equal to the required contributions for the year.

Public Safety Personnel Retirement System (PSPRS)

Plan Description - The Town contributes to the Public Safety Personnel Retirement System (PSPRS), an agent multiple-employer, public employee retirement system that acts as a common investment and administrative agent to provide retirement and death and disability benefits for public safety personnel who are regularly assigned hazardous duty in the employ of the State of Arizona or a political subdivision thereof. All benefit provisions and other requirements are established by State statute. The Public Safety Personnel Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PSPRS. That report may be obtained by writing to Public Safety Personnel, 1020 E. Missouri Ave., Phoenix, AZ 85014 or by calling (602) 255-5575.

Funding Policy - Covered employees are required to contribute 7.65 percent of their annual salary to the PSPRS. The Town is required to contribute the remaining amounts necessary to fund the PSPRS, as determined by the actuarial basis specified by statute. The current rate is 13.75 percent for police of annual covered payroll.

TOWN OF BUCKEYE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2005

Annual Pension Cost - During the year ended June 30, 2005, the Town of Buckeye, Arizona's annual pension cost of \$178,777 for police was equal to the Town of Buckeye, Arizona's required and actual contributions.

The required contribution was determined as part of the June 30, 2005 actuarial valuation using an entry age actuarial funding method. Significant actuarial assumptions used in determining the entry age actuarial accrued liability include (a) a rate of return on the investment of present and future assets of 9.0% per year compounded annually, (b) projected salary increases of 6.5% (including inflation at 5.5%) per year compounded annually, and (c) additional projected salary increases of 0.0% to 3.0% per year attributable to seniority/merit.

The actuarial value of the Town of Buckeye, Arizona's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The Town of Buckeye, Arizona's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2005, was 20 years.

The preceding methods comply with the financial reporting standards established by the Governmental Accounting Standards Board.

Three-Year Trend Information

Police

<u>Fiscal Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percent Contributed</u>	<u>Net Pension Obligation</u>
2003	\$ 104,796	100.0 %	\$ -
2004	188,443	100.0	-
2005	178,777	100.0	-

Additional historical trend information for the Town's PSPRS is disclosed on page 66.

Historical trend information is presented in order for a reader to assess the progress made in accumulating sufficient assets to pay pension benefits as they become payable.

Firefighters' Relief and Pension Fund

The Town of Buckeye Volunteer Firefighters' Relief and Pension Fund is a defined contribution pension plan administered by the Town and a board of trustees for the Town's volunteer firefighters.

TOWN OF BUCKEYE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2005

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. According to state statute, a volunteer firefighter who has served for 25 years or more or has reached 60 years of age and has served 20 years or more shall be eligible to receive a monthly retirement not to exceed \$150 per month, as determined by the board of trustees. Such pension, if paid, may be increased or decreased in amount, or discontinued at the discretion of the board of trustees. Pension and relief benefits may only be paid from the income of the trust fund. However, a firefighter who leaves the service without being eligible for retirement benefits is entitled to all previous deductions from his salary plus interest at a rate determined by the board of trustees. As established by state statute, in lieu of another acceptable pension plan, all volunteer firefighters must participate in the pension plan from the date they enter service.

The State of Arizona is required by statute to contribute a portion of the annual tax received on fire insurance premiums. During the fiscal year ended June 30, 2005, the Town's required and actual contributions amounted to \$2,629, the firefighters' contributions amounted to \$1,425; and the State's contributions totaled \$-0-.

No pension provision changes occurred during the year that affected the required contributions to be made by the Town or its volunteer firefighters.

The Firefighters' Relief and Pension Fund held no securities of the Town or other related parties during the fiscal years or as of the close of the fiscal year.

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Required Supplementary Information

TOWN OF BUCKEYE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
 PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
 SCHEDULE OF FUNDING PROGRESS

Police						
Valuation Date June 30,	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Percent Funded	Over (Under) funded AAL	Annual Covered Payroll	Over (Under) funded AAL as a Percentage of Covered Payroll
1997	\$ 884,699	\$ 907,792	97.5 %	\$ (23,093)	\$ 517,852	(4.5)%
1998	992,748	941,256	105.5	51,492	552,191	9.3
1999	1,236,113	1,158,543	106.7	77,570	547,478	14.2
2000	1,519,082	1,332,004	114.0	187,078	712,162	26.3
2001	1,724,416	1,640,004	105.1	84,412	909,523	9.3
2002	1,852,130	1,945,201	95.2	(93,071)	970,155	(9.6)
2003	2,099,097	2,053,973	102.2	45,124	1,299,752	3.5
2004	2,840,662	2,565,933	110.7	274,729	1,874,999	14.7
2005	3,131,024	3,331,570	94.0	(200,546)	2,183,012	(9.2)

* Information prior to 1997 is not available.

**Combining and Individual Fund
Statements and Schedules**

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Highway User Revenue Fund (HURF) - accounts for the Town's share of motor fuel tax revenues and lottery proceeds.

Grant Programs Fund - accounts for the activities of various grants and contributions received by the Town.

Cemetery Improvement Fund - accounts for the perpetual care of the Town's cemetery.

CFD Special Revenue Fund - accounts for the general operations of the Town's community facilities districts.

CAPITAL PROJECTS FUNDS

Street Improvement Fund - accounts for the Town's street improvements.

Hassayampa Hydrologic Study Fund - accounts for the activity of the Hassayampa study.

Downtown Revitalization Fund - accounts for the town sales tax earmarked for downtown revitalization.

Impact Fees Fund - accounts for impact fees for fire, police, parks and recreation, library, general government and streets.

TOWN OF BUCKEYE, ARIZONA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

	Special Revenue				
	HURF	Grant Programs	Cemetery Improvement	CFD Special Revenue	Total Special Revenue Funds
Assets					
Cash and cash equivalents	\$ 74,566	\$ 122,951	\$ 86,018	\$ 3,485	\$ 287,020
Receivables, net					
Accounts receivable	-	-	-	33,048	33,048
Intergovernmental receivable	62,695	55,606	-	-	118,301
Total assets	<u>\$ 137,261</u>	<u>\$ 178,557</u>	<u>\$ 86,018</u>	<u>\$ 36,533</u>	<u>\$ 438,369</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 8,373	\$ 14,266	\$ -	\$ 1,494	\$ 24,133
Total liabilities	<u>8,373</u>	<u>14,266</u>	<u>-</u>	<u>1,494</u>	<u>24,133</u>
Fund balances					
Unreserved	128,888	164,291	86,018	35,039	414,236
Total fund balances	<u>128,888</u>	<u>164,291</u>	<u>86,018</u>	<u>35,039</u>	<u>414,236</u>
Total liabilities and fund balances	<u>\$ 137,261</u>	<u>\$ 178,557</u>	<u>\$ 86,018</u>	<u>\$ 36,533</u>	<u>\$ 438,369</u>

Capital Projects					
Street Improvement	Hassayampa Hydrologic Study	Downtown Revitalization	Impact Fees	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 554,230	\$ 325,047	\$ 982,892	\$ 2,066,831	\$ 3,929,000	\$ 4,216,020
-	-	-	-	-	33,048
<u>462,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>462,000</u>	<u>580,301</u>
<u>\$ 1,016,230</u>	<u>\$ 325,047</u>	<u>\$ 982,892</u>	<u>\$ 2,066,831</u>	<u>\$ 4,391,000</u>	<u>\$ 4,829,369</u>
\$ 18,419	\$ 52,735	\$ -	\$ 232,083	\$ 303,237	\$ 327,370
<u>18,419</u>	<u>52,735</u>	<u>-</u>	<u>232,083</u>	<u>303,237</u>	<u>327,370</u>
<u>997,811</u>	<u>272,312</u>	<u>982,892</u>	<u>1,834,748</u>	<u>4,087,763</u>	<u>4,501,999</u>
<u>997,811</u>	<u>272,312</u>	<u>982,892</u>	<u>1,834,748</u>	<u>4,087,763</u>	<u>4,501,999</u>
<u>\$ 1,016,230</u>	<u>\$ 325,047</u>	<u>\$ 982,892</u>	<u>\$ 2,066,831</u>	<u>\$ 4,391,000</u>	<u>\$ 4,829,369</u>

TOWN OF BUCKEYE, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Special Revenue				
	HURF	Grant Programs	Cemetery Improvement	CFD Special Revenue	Total Special Revenue Funds
Revenues					
Taxes					
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	715,999	825,091	-	-	1,541,090
Developer agreements	-	-	-	46,802	46,802
Impact fees	-	-	-	-	-
Investment earnings	-	-	3,427	-	3,427
Other	-	-	23,796	-	23,796
Total Revenues	<u>715,999</u>	<u>825,091</u>	<u>27,223</u>	<u>46,802</u>	<u>1,615,115</u>
Expenditures					
Current					
General government	-	281,824	-	11,763	293,587
Public safety	-	164,678	-	-	164,678
Highways and streets	535,872	-	-	-	535,872
Culture and recreation	-	-	-	-	-
Health and welfare	-	235,665	-	-	235,665
Capital outlay	-	127,537	-	-	127,537
Total Expenditures	<u>535,872</u>	<u>809,704</u>	<u>-</u>	<u>11,763</u>	<u>1,357,339</u>
Excess (deficiency) of revenues over expenditures	<u>180,127</u>	<u>15,387</u>	<u>27,223</u>	<u>35,039</u>	<u>257,776</u>
Other financing sources (uses)					
Transfers in	-	66,585	-	-	66,585
Transfers out	(92,325)	-	-	-	(92,325)
Proceeds from capital leases	26,827	-	-	-	26,827
Total other financing sources (uses)	<u>(65,498)</u>	<u>66,585</u>	<u>-</u>	<u>-</u>	<u>1,087</u>
Net change in fund balances	114,629	81,972	27,223	35,039	258,863
Fund balances, beginning of year	<u>14,259</u>	<u>82,319</u>	<u>58,795</u>	<u>-</u>	<u>155,373</u>
Fund balances, end of year	<u>\$ 128,888</u>	<u>\$ 164,291</u>	<u>\$ 86,018</u>	<u>\$ 35,039</u>	<u>\$ 414,236</u>

Capital Projects					
Street Improvement	Hassayampa Hydrologic Study	Downtown Revitalization	Impact Fees	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 1,055,138	\$ -	\$ 1,055,138	\$ 1,055,138
462,000	-	-	-	462,000	2,003,090
904,923	564,799	-	-	1,469,722	1,516,524
-	-	-	2,226,478	2,226,478	2,226,478
7,336	-	-	11,838	19,174	22,601
165	-	-	-	165	23,961
<u>1,374,424</u>	<u>564,799</u>	<u>1,055,138</u>	<u>2,238,316</u>	<u>5,232,677</u>	<u>6,847,792</u>
-	-	-	-	-	293,587
-	-	-	2,255,853	2,255,853	2,420,531
510,122	-	-	-	510,122	1,045,994
-	-	-	225	225	225
-	-	-	-	-	235,665
-	292,487	72,246	-	364,733	492,270
<u>510,122</u>	<u>292,487</u>	<u>72,246</u>	<u>2,256,078</u>	<u>3,130,933</u>	<u>4,488,272</u>
<u>864,302</u>	<u>272,312</u>	<u>982,892</u>	<u>(17,762)</u>	<u>2,101,744</u>	<u>2,359,520</u>
-	-	-	568,316	568,316	634,901
-	-	-	-	-	(92,325)
-	-	-	1,284,194	1,284,194	1,311,021
-	-	-	1,852,510	1,852,510	1,853,597
864,302	272,312	982,892	1,834,748	3,954,254	4,213,117
<u>133,509</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,509</u>	<u>288,882</u>
<u>\$ 997,811</u>	<u>\$ 272,312</u>	<u>\$ 982,892</u>	<u>\$ 1,834,748</u>	<u>\$ 4,087,763</u>	<u>\$ 4,501,999</u>

TOWN OF BUCKEYE, ARIZONA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes			
Property taxes	\$ 330,570	\$ 355,909	\$ 25,339
Special assessments	433,368	687,759	254,391
Other	<u>7,000</u>	<u>26,541</u>	<u>19,541</u>
Total Revenues	<u>770,938</u>	<u>1,070,209</u>	<u>299,271</u>
Expenditures			
Current			
General government	7,000	7,078	(78)
Debt Service			
Principal retirement	575,000	575,000	-
Interest on long-term debt	<u>285,463</u>	<u>286,063</u>	<u>(600)</u>
Total Expenditures	<u>867,463</u>	<u>868,141</u>	<u>(678)</u>
Excess (deficiency) of revenues over expenditures	<u>(96,525)</u>	<u>202,068</u>	<u>298,593</u>
Other financing sources (uses)			
Transfers in	<u>96,525</u>	<u>92,325</u>	<u>(4,200)</u>
Total other financing sources (uses)	<u>96,525</u>	<u>92,325</u>	<u>(4,200)</u>
Net change in fund balances	-	294,393	294,393
Fund balances, beginning of year	<u>-</u>	<u>418,991</u>	<u>418,991</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 713,384</u>	<u>\$ 713,384</u>

TOWN OF BUCKEYE, ARIZONA
HURF FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental	\$ 664,827	\$ 715,999	\$ 51,172
Total Revenues	<u>664,827</u>	<u>715,999</u>	<u>51,172</u>
Expenditures			
Current			
Highways and streets	568,302	535,872	32,430
Total Expenditures	<u>568,302</u>	<u>535,872</u>	<u>32,430</u>
Excess of revenues over expenditures	<u>96,525</u>	<u>180,127</u>	<u>83,602</u>
Other financing sources (uses)			
Transfers out	(96,525)	(92,325)	4,200
Proceeds from capital leases	-	26,827	26,827
Total other financing sources (uses)	<u>(96,525)</u>	<u>(65,498)</u>	<u>31,027</u>
Net change in fund balances	-	114,629	114,629
Fund balances, beginning of year	-	14,259	14,259
Fund balances, end of year	<u>\$ -</u>	<u>\$ 128,888</u>	<u>\$ 128,888</u>

TOWN OF BUCKEYE, ARIZONA
GRANT PROGRAMS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental	\$ 1,104,804	\$ 825,091	\$ (279,713)
Total Revenues	<u>1,104,804</u>	<u>825,091</u>	<u>(279,713)</u>
Expenditures			
Current			
General government	151,743	281,824	(130,081)
Public safety	217,348	164,678	52,670
Highways and streets	119,191	-	119,191
Culture and recreation	403,617	-	403,617
Health and welfare	212,905	235,665	(22,760)
Capital outlay	-	127,537	(127,537)
Total Expenditures	<u>1,104,804</u>	<u>809,704</u>	<u>295,100</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>15,387</u>	<u>15,387</u>
Other financing sources (uses)			
Transfers in	-	66,585	66,585
Total other financing sources (uses)	<u>-</u>	<u>66,585</u>	<u>66,585</u>
Net change in fund balances	-	81,972	81,972
Fund balances, beginning of year	-	82,319	82,319
Fund balances, end of year	<u>\$ -</u>	<u>\$ 164,291</u>	<u>\$ 164,291</u>

TOWN OF BUCKEYE, ARIZONA
CEMETERY IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Investment earnings	\$ 3,300	\$ 3,427	\$ 127
Other	<u>15,000</u>	<u>23,796</u>	<u>8,796</u>
Total Revenues	<u>18,300</u>	<u>27,223</u>	<u>8,923</u>
Expenditures			
Current			
General government	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Total Expenditures	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Excess (deficiency) of revenues over expenditures	<u>(21,700)</u>	<u>27,223</u>	<u>48,923</u>
Other financing sources (uses)			
Transfers in	<u>21,700</u>	<u>-</u>	<u>(21,700)</u>
Total other financing sources (uses)	<u>21,700</u>	<u>-</u>	<u>(21,700)</u>
Net change in fund balances	-	27,223	27,223
Fund balances, beginning of year	<u>-</u>	<u>58,795</u>	<u>58,795</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 86,018</u>	<u>\$ 86,018</u>

TOWN OF BUCKEYE, ARIZONA
STREET IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental	\$ -	\$ 462,000	\$ 462,000
Developer agreements	-	904,923	904,923
Investment earnings	-	7,336	7,336
Other	-	165	165
Total Revenues	<u>-</u>	<u>1,374,424</u>	<u>1,374,424</u>
Expenditures			
Current			
Highways and streets	<u>80,000</u>	<u>510,122</u>	<u>(430,122)</u>
Total Expenditures	<u>80,000</u>	<u>510,122</u>	<u>(430,122)</u>
Excess (deficiency) of revenues over expenditures	(80,000)	864,302	944,302
Fund balances, beginning of year	<u>80,000</u>	<u>133,509</u>	<u>53,509</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 997,811</u>	<u>\$ 997,811</u>

STATISTICAL SECTION

TOWN OF BUCKEYE, ARIZONA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	General Government	Public Safety	Highways and Streets	Culture and Recreation	Economic Development	Community Development	Health and Welfare	Interest on Long-term Debt	Water	Wastewater	Totals
2003	\$13,168,857	\$ 4,302,109	\$ 190,359	\$ 655,082	\$ 201,178	\$ 500,983	\$ 475,126	\$ 980,188	\$ 1,032,111	\$ 763,657	\$22,269,650
2004	5,807,491	6,307,496	547,656	719,905	296,372	690,513	528,061	3,582,729	1,639,192	997,805	21,117,220
2005	7,470,451	7,596,499	2,783,879	1,125,571	314,985	1,295,799	501,760	3,821,751	1,871,838	1,545,062	28,327,595

Note: 2002-03 was the City's first year to prepare government-wide financial statements.

TOWN OF BUCKEYE, ARIZONA
GOVERNMENT-WIDE REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Program Revenues					General Revenues					Totals
	Fees, Fines and Charges for Services	Charges for Water	Charges for Wastewater	Operating Grants and Contributions	Capital Grants and Contributions	Property Taxes Levied for General Purposes	Other Taxes	Revenue Sharing	Investment Earnings	Other	
2003	\$ 26,771,734	\$ 1,026,952	\$ 483,009	\$ 1,147,417	\$ 9,703,586	\$ 767,963	\$ 3,384,051	\$ 1,568,877	\$ 2,240	\$ 672,813	\$ 45,528,642
2004	13,351,648	1,527,106	2,081,298	1,446,335	890,283	933,693	5,207,004	1,481,023	231,959	275,592	27,425,941
2005	27,398,221	3,585,229	6,313,309	1,374,000	2,349,754	1,981,418	8,760,406	1,932,507	548,511	247,293	54,490,648

Note: 2002-03 was the City's first year to prepare government-wide financial statements.

TOWN OF BUCKEYE, ARIZONA
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	General Government	Public Safety	Highways and Streets	Culture and Recreation	Community Development	Economic Development	Health and Welfare	Capital Outlay	Debt Service	Total
1996	\$ 1,055,171	\$ 1,142,281	\$ 252,716	\$ 270,984	\$ -	\$ -	\$ -	\$ 241,811	\$ 408,237	\$ 3,371,200
1997	1,150,203	1,126,866	233,398	272,835	-	-	-	1,223,024	408,912	4,415,238
1998	1,193,775	1,242,426	338,603	288,830	-	-	-	733,344	406,980	4,203,958
1999	1,163,372	1,266,842	183,731	332,386	-	-	-	261,187	406,488	3,614,006
2000	1,428,050	1,576,371	208,187	449,982	-	-	-	418,760	389,770	4,471,120
2001	2,148,480	2,634,101	681,128	670,739	-	-	-	17,984	408,842	6,561,274
2002	2,430,117	3,744,882	1,043,029	1,060,135	-	-	-	3,360,220	886,972	12,525,355
2003	13,713,973	4,485,658	504,754	578,232	500,983	195,557	468,653	5,350,764	2,088,533	27,887,107
2004	6,586,700	6,261,515	1,109,492	888,295	742,719	238,342	523,705	19,830,926	4,511,729	40,693,423
2005	7,615,325	10,030,568	1,045,994	1,156,623	1,252,828	253,255	506,889	24,167,195	7,027,347	53,056,024

- (1) Includes General, Special Revenue, Debt Services, and Capital Projects Funds.
(2) Prior to 2000-01, Equipment and Machinery was classified as a departmental expenditure for the General and Special Revenue Funds.
(3) Capital Asset threshold set at \$5,000 for Equipment and Machinery, \$10,000 for Land and Buildings.

TOWN OF BUCKEYE, ARIZONA
GENERAL GOVERNMENT REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Taxes	Special Assessments	Licenses and Permits	Inter-governmental	Charges for Services	Fines and Forfeits	Interest	Impact Fees	Developer Agreements	Other	Total
1996	\$ 1,225,302	\$ -	\$ 52,251	\$ 1,538,573	\$ 138,900	\$ 178,685	\$ 22,754	\$ -	\$ -	\$ 109,660	\$ 3,266,125
1997	1,458,106	-	85,878	2,486,244	140,482	200,979	27,188	-	-	343,110	4,741,987
1998	1,400,407	-	63,012	1,784,227	185,924	250,911	23,711	-	-	328,719	4,036,911
1999	1,607,567	-	118,795	2,020,887	392,001	80,871	18,030	-	-	69,082	4,307,233
2000	2,264,462	-	273,420	1,714,003	225,812	130,057	72,816	-	-	294,266	4,974,836
2001	2,338,543	-	425,824	1,984,886	256,708	143,600	95,066	-	-	586,551	5,831,178
2002	2,858,528	293,066	389,226	3,242,332	680,656	180,260	111,428	-	-	3,501,532	11,257,028
2003	3,738,895	2,988,000	1,336,670	3,318,546	3,650,005	174,857	2,240	181,607	-	941,538	16,332,358
2004	5,796,016	3,484,305	3,476,794	4,154,186	5,665,620	208,125	231,127	557,453	-	832,079	24,405,705
2005	10,741,824	3,384,974	6,670,430	4,036,532	6,394,179	235,212	533,612	2,226,478	4,016,758	342,433	38,582,432

(1) Includes General, Special Revenue, Debt Service, and Capital Project Funds.

TOWN OF BUCKEYE, ARIZONA
GENERAL FUND CHANGES IN FUND BALANCE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Operating Sources			Operating Uses			Operating Net Income
	Revenues	Transfers In	Total	Expenditures	Transfers Out	Total	
1996	\$ 2,334,136	\$ -	\$ 2,334,136	\$ 2,432,280	\$ -	\$ 2,432,280	\$ (98,144)
1997	3,566,941	3,553	3,570,494	3,294,131	5,940	3,300,071	270,423
1998	3,233,869	-	3,233,869	3,341,307	15,625	3,356,932	(123,063)
1999	3,674,042	-	3,674,042	2,968,567	1,732	2,970,299	703,743
2000	3,925,231	23,072	3,948,303	3,423,876	63,890	3,487,766	460,537
2001	4,651,507	-	4,651,507	5,207,955	40,448	5,248,403	(596,896)
2002	8,888,137	6,254	8,894,391	6,623,467	-	6,623,467	2,270,924
2003	11,599,581	15,126	11,614,707	10,027,838	527,811	10,555,649	1,059,058
2004	18,367,515	-	18,367,515	15,356,519	71,400	15,427,919	2,939,596
2005	24,311,102	-	24,311,102	19,654,062	634,901	20,288,963	4,022,139

Fiscal Year	Other Transfers & Adjustments			General Fund - Fund Balance			
	Capital Lease	Prior Period	Misc	Beginning	Change In	Ending	% Change
1996	\$ 160,000	\$ -	\$ -	\$ 221,569	\$ 61,856	\$ 283,425	27.92 %
1997	-	-	-	283,425	270,423	553,848	95.4
1998	-	-	-	553,848	(123,063)	430,785	(22.2)
1999	-	131,342	-	430,785	835,085	1,265,870	193.9
2000	-	-	33,060	1,265,870	493,597	1,759,467	39.0
2001	-	-	-	1,759,467	(596,896)	1,162,571	(33.9)
2002	-	-	-	1,162,571	2,270,924	3,433,495	195.3
2003	79,752	-	-	3,433,495	1,138,810	4,572,305	33.2
2004	31,907	-	-	4,572,305	2,971,503	7,543,808	65.0
2005	311,032	-	-	7,543,808	4,333,171	11,876,979	57.4

TOWN OF BUCKEYE, ARIZONA
WATER AND SEWER FUNDS CHANGES IN NET ASSETS
FISCAL YEAR BASIS
(UNAUDITED)

Fiscal Year	Operating Revenues			Operating Uses			Operating Net Income
	Charges	Other	Total	Cost of Sales	Depreciation	Total	
1996	\$ 965,519	\$ 927	\$ 966,446	\$ 985,538	\$ 133,340	\$ 1,118,878	\$ (152,432)
1997	955,351	13,490	968,841	958,148	137,105	1,095,253	(126,412)
1998	921,071	15,027	936,098	961,510	137,549	1,099,059	(162,961)
1999	940,511	3,533	944,044	809,821	136,735	946,556	(2,512)
2000	1,012,533	40,371	1,052,904	782,649	135,720	918,369	134,535
2001	1,070,877	31,313	1,102,190	884,395	145,621	1,030,016	72,174
2002	1,201,489	27,153	1,228,642	804,820	209,712	1,014,532	214,110
2003	1,421,016	-	1,421,016	1,251,087	373,711	1,624,798	(203,782)
2004	3,355,528	-	3,355,528	1,979,766	501,172	2,480,938	874,590
2005	3,711,364	-	3,711,364	2,645,938	621,684	3,267,622	443,742

Fiscal Year	Nonoperating revenues (expenses)			Water and Wastewater - Net Assets			
	Net Transfers	Contributions	Misc	Beginning	Change In	Ending	Unrestricted
1996	\$ -	\$ -	\$ (7,499)	\$ (333,333)	\$ (159,931)	\$ (493,264)	\$ -
1997	-	-	20,083	(493,264)	(106,329)	(599,593)	-
1998	-	-	(5,904)	(599,593)	(168,865)	(768,458)	-
1999	-	-	(4,631)	(768,458)	(7,143)	(775,601)	-
2000	-	-	91,593	(775,601)	226,128	(549,473)	-
2001	(412,263)	-	(192,189)	(549,473)	(532,278)	(1,081,751)	-
2002	(160,840)	-	(158,486)	(1,081,751)	(105,216)	(1,186,967)	-
2003	386,729	9,486,923	8,610,255	(1,186,967)	18,280,125	17,093,158	895,804
2004	-	-	97,649	17,093,158	972,239	18,065,397	1,539,451
2005	-	2,576,367	7,704,574	18,065,397	10,724,683	28,790,080	5,338,684

TOWN OF BUCKEYE, ARIZONA
GENERAL FUND - PROPERTY TAX LEVIES AND COLLECTIONS
(BY YEAR COLLECTED)
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Tax Levy</u>	<u>Current Tax Collections (1)</u>	<u>Percent of Levy Collected</u>	<u>Interest and Penalty Collections (1)</u>	<u>Total Tax Collections</u>	<u>Total Collection as Percent of Current Levy</u>
1996	N/A	N/A	N/A	N/A	N/A	N/A
1997	\$ 253,291	\$ 156,826	61.92 %	N/A	N/A	N/A
1998	253,291	155,054	61.22	N/A	N/A	N/A
1999	280,405	160,355	57.19	N/A	N/A	N/A
2000	280,405	159,887	57.02	N/A	N/A	N/A
2001	280,405	138,463	49.38	N/A	\$ 138,463	49.38 %
2002	235,633	273,186	115.94	N/A	273,186	115.94
2003	408,703	336,967	82.45	N/A	336,967	82.45
2004	505,686	554,299	109.61	N/A	554,299	109.61
2005	802,117	836,787	104.32	\$ 1,459	838,246	104.50

(1) Included in year collected/received, where available.

N/A - Not available at time of printing.

TOWN OF BUCKEYE, ARIZONA
GENERAL FUND - PROPERTY TAX LEVIES AND COLLECTIONS
(BY YEAR LEVIED)
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>General Tax Levy</u>	<u>Current Tax Collection</u>	<u>Percent of Levy Collected</u>	<u>Collected in Subsequent Year (1)</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collected to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
1996	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1997	\$ 253,291	\$ 156,826	61.92 %	N/A	\$ 156,826	61.92 %	\$ 96,465	38.08 %
1998	253,291	155,054	61.22	N/A	155,054	61.22	98,237	38.78
1999	280,405	160,355	57.19	N/A	160,355	57.19	120,050	42.81
2000	280,405	159,887	57.02	N/A	159,887	57.02	120,518	42.98
2001	280,405	138,463	49.38	N/A	138,463	49.38	141,942	50.62
2002	235,633	273,186	115.94	N/A	273,186	115.94	(37,553)	(15.94)
2003	408,703	336,967	82.45	N/A	336,967	82.45	71,736	17.55
2004	505,686	554,299	109.61	N/A	554,299	109.61	(48,613)	(9.61)
2005	802,117	807,281	100.64	\$ 30,965	838,246	104.50	(36,129)	(4.50)

(1) Included in year levied/billed, where available.

N/A - Not available at time of printing.

TOWN OF BUCKEYE, ARIZONA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(GENERAL TAXING AND AUTHORITIES)
(PER \$100 OF ASSESSED VALUATION)
LAST TEN FISCAL YEARS
(UNAUDITED)

Tax Year (Fiscal Year)	Type	State of Arizona	School Equalization	Maricopa County	Library District	Flood Control District	Fire District Assistance	Central AZ			Maricopa Health Care District	Community College District	Town of Buckeye
								Water Conservation District					
Primary Tax Authority Number													
Secondary Tax Authority Number													
1995 (1995-96)	Primary	\$0.4700	\$0.5300	\$1.1580	-	-	-	-	-	-	-	n/a	04501
	Secondary	-	-	0.1464	\$0.0099	\$0.3332	n/a	n/a	n/a	n/a	n/a	n/a	04501
1996 (1996-97)	Primary	-	0.5300	1.1054	-	-	-	-	-	-	-	n/a	n/a
	Secondary	-	-	0.1575	0.0421	0.3425	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1997 (1997-98)	Primary	-	0.5300	1.1265	-	-	-	-	-	-	-	n/a	n/a
	Secondary	-	-	0.1364	0.0421	0.3425	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1998 (1998-99)	Primary	-	0.5300	0.1472	-	-	-	-	-	-	-	n/a	n/a
	Secondary	-	-	0.1312	0.0421	0.3270	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1999 (1999-00)	Primary	-	0.5217	1.8840	-	-	-	-	-	-	\$0.9741		\$1.0943
	Secondary	-	-	0.1085	0.0421	0.2858	\$0.0100	-	-	-	0.1544		0.8082
2000 (2000-01)	Primary	-	0.5123	1.1641	-	-	-	-	-	-	0.9691		0.8981
	Secondary	-	-	0.1152	0.0421	0.2534	0.0096	\$0.1300	-	-	0.1503		0.6570
2001 (2001-02)	Primary	-	0.4974	1.1832	-	-	-	-	-	-	0.9583		0.5900
	Secondary	-	-	0.0876	0.0421	0.2319	0.0091	0.1300	-	-	0.1524		1.0800
2002 (2002-03)	Primary	-	0.4889	1.2108	-	-	-	-	-	-	0.9634		0.9776
	Secondary	-	-	0.0800	0.0421	0.2119	0.0076	0.1300	-	-	0.1493		0.6924
2003 (2003-04)	Primary	-	0.4717	1.2108	-	-	-	-	-	-	0.9410		0.9776
	Secondary	-	-	0.0700	0.0521	0.2119	0.0070	0.1200	-	-	0.1375		0.5725
2004 (2004-05)	Primary	-	0.4560	1.2108	-	-	-	-	-	-	0.9211		1.1461
	Secondary	-	-	-	0.0521	0.2119	0.0069	0.1200	-	-	0.1161		0.4039
2005 (2005-06)	Primary	-	0.4358	1.1971	-	-	-	-	-	-	0.8936		0.2680
	Secondary	-	-	-	0.0521	0.2119	0.0069	0.1200	-	\$0.1206	0.1379		0.2829

TOWN OF BUCKEYE, ARIZONA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(GENERAL TAXING AUTHORITIES)
(PER \$100 OF ASSESSED VALUATION)
LAST TEN FISCAL YEARS
(UNAUDITED)

Tax Year (Fiscal Year)	Type	Buckeye Valley Rural Fire District	Wickenburg School District	Liberty School District	Arlington School District	Palo Verde School District	Morristown School District	Litchfield School District	Ruth Fisher School District	Buckeye School District	Buckeye Union High School District
		No. 9	No. 25	No. 47	No. 49	No. 75	No. 79	No. 90	No. 93	No. 98	No. 201
Primary Tax Authority Number		07009	05025	05047	05049	05075	05079	05090	05033	06201	
Secondary Tax Authority Number		090200	250200	470200	490200	750200	790200	900200	330200	06021	
1995 (1995-96)	Primary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Secondary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1996 (1996-97)	Primary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Secondary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1997 (1997-98)	Primary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Secondary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1998 (1998-99)	Primary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Secondary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1999 (1999-00)	Primary	\$4,7098	\$2,3524	\$2,2040	\$2,2191	\$5,8570	\$2,3097	\$0,1692	\$2,4954	\$2,1337	
	Secondary	2,1853	1,9973	0,4816	2,4502	-	2,9334	0,1059	2,1554	0,7171	
2000 (2000-01)	Primary	4,6179	2,2552	1,9710	2,1619	5,7409	2,6218	0,2278	2,3195	2,2354	
	Secondary	1,9447	2,0767	0,4858	2,2408	-	2,5070	0,1261	1,8577	0,6071	
2001 (2001-02)	Primary	4,7426	2,3396	1,9887	2,3069	7,0776	2,6058	0,2816	4,8806	2,6352	
	Secondary	1,3831	1,7580	0,4563	2,2538	-	2,2105	0,0225	1,5655	0,4888	
2002 (2002-03)	Primary	5,6498	2,4978	2,1037	3,5036	6,8591	2,1339	0,4371	4,0315	2,6284	
	Secondary	1,3025	1,6420	0,4490	2,1557	-	2,1374	0,0313	1,5425	0,5316	
2003 (2003-04)	Primary	3,9742	2,2612	1,7824	0,7949	6,4130	2,3752	0,4782	4,0077	1,9348	
	Secondary	2,4127	1,8290	0,4013	2,2086	-	1,8914	0,2949	1,3889	1,2094	
2004 (2004-05)	Primary	5,9551	2,5021	1,0128	2,0692	6,5007	2,4999	0,6646	3,9725	2,4173	
	Secondary	1,9547	1,5754	0,0819	0,9674	-	1,6074	0,5143	1,1582	1,1132	
2005 (2005-06)	Primary	3,7253	2,2243	0,7910	2,3778	5,1671	1,8870	1,0046	4,1309	2,4454	
	Secondary	1,9800	1,7339	0,2272	0,9570	0,7605	1,4557	0,4471	1,0057	1,0908	

TOWN OF BUCKEYE, ARIZONA
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (UNAUDITED)

<u>Tax Year (Fiscal Year)</u>	<u>Type</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio of Total Assessed Value to Total Estimated Actual Value</u>
1996	Primary	N/A	N/A	N/A
(1997)	Secondary	N/A	N/A	N/A
1997	Primary	N/A	N/A	N/A
(1998)	Secondary	N/A	N/A	N/A
1998	Primary	N/A	N/A	N/A
(1999)	Secondary	N/A	N/A	N/A
1999	Primary	\$ 25,623,044	N/A	N/A
(2000)	Secondary	26,969,835	N/A	N/A
2000	Primary	31,220,433	N/A	N/A
(2001)	Secondary	33,175,256	N/A	N/A
2001	Primary	39,937,874	N/A	N/A
(2002)	Secondary	42,870,450	N/A	N/A
2002	Primary	41,806,823	N/A	N/A
(2003)	Secondary	46,996,103	N/A	N/A
2003	Primary	51,727,246	N/A	N/A
(2004)	Secondary	56,727,094	N/A	N/A
2004	Primary	69,986,677	N/A	N/A
(2005)	Secondary	81,842,158	N/A	N/A
2005	Primary	103,168,348	N/A	N/A
(2006)	Secondary	115,318,474	N/A	N/A

County Assessor's Records.

N/A - Not available at time of printing.

TOWN OF BUCKEYE, ARIZONA
LEGAL DEBT MARGIN
(CONSTITUTIONAL GENERAL OBLIGATION BOND CAPACITY)
JUNE 30, 2005
(UNAUDITED)

		<u>General Obligation Bonds</u>	
		<u>Water, Sewer Parks (20%)</u>	<u>All Other (6%)</u>
Assessed Valuation (Secondary)	\$ 81,842,158	\$ 16,368,432	\$ 4,910,529
Gross Indebtedness	81,170,000		
Outstanding General Obligation Debt:			
Refunding Series 1994	880,000	880,000	-
Less Exempt Debt:			
Improvement Bonds - Miller Road	3,805,000	-	-
Special Assessment Bond 2002 - Sundance	10,166,000	-	-
Special Assessment Bond 2003 - Sundance	6,701,000	-	-
Verrado District 1 - GO 2003	24,000,000	-	-
Excise Tax Revenue Bonds 2000	2,460,000	-	-
Sundance GO Bonds	5,000,000	-	-
Special Assessment Bond 2004 - Sundance	1,958,000	-	-
Verrado Western Overlay GO Bonds	13,000,000	-	-
Special Assessment Bond 2005 - West Park	3,800,000	-	-
GADA Excise Tax Revenue Bonds 2005A	<u>9,400,000</u>	<u>-</u>	<u>-</u>
Total Tax Exempt	<u>80,290,000</u>	-	-
Total Non-exempt Debt	<u>880,000</u>	<u>880,000</u>	<u>-</u>
Debt Margin with 20%/6% Unvoted Debt Limitation		<u>\$ 15,488,432</u>	<u>\$ 4,910,529</u>

Under the Arizona Constitution, cities (and towns) may issue General Obligation Bonds for purposes of water, sewer, parks, and open spaces up to an amount not to exceed 20% of secondary assessed valuation. The Arizona Constitution also allows General Obligation Bonds for all other purposes up to an amount not to exceed 6% of secondary assessed valuation.

TOWN OF BUCKEYE, ARIZONA
 RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
 AND NET BONDED DEBT PER CAPITA
 LAST TEN FISCAL YEARS
 (UNAUDITED)

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Net Value (Secondary)</u>	<u>Gross Bonded Debt</u>	<u>Debt Service Available Principal</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1995-96	4,905	N/A	\$ 1,855,000	\$ 50,000	\$ 1,805,000	N/A	\$ 367.99
1996-97	4,960	N/A	1,800,000	55,000	1,745,000	N/A	351.81
1997-98	5,035	N/A	1,745,000	55,000	1,690,000	N/A	335.65
1998-99	7,280	N/A	1,645,000	100,000	1,545,000	N/A	212.23
1999-00	6,537	\$26,969,835	1,435,000	105,000	1,330,000	4.93 %	203.46
2000-01	10,650	33,175,256	1,430,000	110,000	1,320,000	3.98	123.94
2001-02	11,955	1,315,000	1,315,000	115,000	1,200,000	91.25	100.38
2002-03	14,500	46,996,103	1,405,000	260,000	1,145,000	2.44	78.97
2003-04	17,553	56,727,094	1,145,000	265,000	880,000	1.55	50.13
2004-05	33,060	81,842,158	880,000	275,000	605,000	0.74	18.30

